

auxiliary which has organized 84 units to this date.

The organization is, of course, non-profit, and it has not aspirations which would bring it in conflict with the other large veterans groups. I hope it will be accorded the honor and privilege of a Federal charter.

Tenth Anniversary of Capture of Remagen Bridge

EXTENSION OF REMARKS OF

HON. BROOKS HAYS

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 8, 1955

Mr. HAYS of Arkansas. Mr. Speaker, I wish to comment briefly on the significance of the 10th anniversary of the capture of the Remagen Bridge on March 7, 1945. This was one of the heroic acts which turned the tide of battle during World War II. I quote from the Washington News of March 9,

1945, the report sent by C. R. Cunningham, United Press war correspondent:

Victory is in the air on this side of the Rhine, where American troops hit the pay dirt of Germany.

It can't be told yet how the Americans crossed the Rhine, but it took only 15 minutes to get at least one company of infantry to the eastern side yesterday afternoon.

The crossing was a case of spotting an opportunity and grabbing it. Maj. Murray Deevers, of Hagarville, Ark., ordered his men across and the company swept into inner Germany.

An earlier dispatch from Cunningham had reported that a Second Lieutenant Burroughs and 1st Lt. Carl Timmerman, of West Point, Nebr., spotted the opportunity and flashed the word to battalion headquarters where Lt. Col. Leonard Engemann, of Minnesota, made the historic decision.

It is with understandable pride that I mention the outstanding contribution made in this historic advance by the late Maj. Murray Deevers, of Hagarville, Johnson County, Ark., at that time within the Fifth Congressional District which I have the honor to represent. Johnson County is now a part of the district represented by our able colleague Mr. TRIMBLE.

I am sure that the Members share my feeling of deep appreciation for the service of Major Deevers, and those associated with him who contributed so much to the defense of our country.

Slovak Independence Day

EXTENSION OF REMARKS

OF

HON. KENNETH B. KEATING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 8, 1955

Mr. KEATING. Mr. Speaker, today is the national independence day celebrated by the Slovak people throughout the world. For 10 years their traditions and ideals, firmly dedicated to a heritage very like our own, have been kept alive beneath the cruel oppression of Soviet occupation. Let us joint in acknowledging their brave resistance. Let us send them words of hope and cheer. And let us reaffirm our high resolve to help them win freedom and independence once again.

SENATE

THURSDAY, MARCH 10, 1955

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

God of all mercy, bowing at this way-side altar of Thy grace, may we be vividly conscious that we need not turn back to bygone centuries to hear Thy voice, as if Thou dost speak no longer to those now upon the earth. Give us ears to hear Thy imperial imperatives above the noise of crashing systems, yea, Thy voice in and through the change and confusion of our day. May we not imagine that the judgment which shall search the secrets of our hearts is postponed to some far-off future assize, when in these days of destiny, by our response to the want and woe of Thy world and of Thy children, Thy throne is set up. Even now Thou art searching out the souls of men before Thy judgment seat. So, hearing and heeding the voice divine, may our compassion help to heal the open sores of the world as we serve the present age, our calling to fulfill. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, March 8, 1955, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communi-

cated to the Senate by Mr. Miller, one of his secretaries.

REPORT OF RAILROAD RETIREMENT BOARD—MESSAGE FROM THE PRESIDENT

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Labor and Public Welfare:

To the Congress of the United States:

In compliance with the provisions of section 10 (b) (4) of the Railroad Retirement Act, approved June 24, 1937, and of section 12 (1) of the Railroad Unemployment Insurance Act, approved June 25, 1938, I transmit herewith for the information of the Congress, the report of the Railroad Retirement Board for the fiscal year ended June 30, 1954.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, March 10, 1955.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the bill (S.

829) to authorize personnel of the Armed Forces to train for, attend, and participate in the Second Pan-American Games, the Seventh Olympic Winter Games, Games of the XVI Olympiad, future Pan-American Games and Olympic Games, and certain other international amateur sports competition, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 456) relating to the regulation of nets in Alaska waters, and it was signed by the President pro tempore.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Subcommittee on Government Reorganization was authorized to meet during the sessions of the Senate today.

On request of Mr. BYRD, and by unanimous consent, the Committee on Finance was authorized to meet during the session of the Senate this afternoon.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be a morning hour for the presentation of petitions and memorials, the introduction of bills, and other routine matters, and I ask unanimous consent that any statements made in connection therewith be limited to 2 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

REFERENCE OF REPORT OF SPECIAL COMMITTEE ON INVESTIGATION OF COVER ON MAIL OF SENATORS TO ATTORNEY GENERAL

Mr. JOHNSON of Texas. Mr. President, I send to the desk a proposed order and ask for its immediate consideration.

The PRESIDENT pro tempore. The proposed order will be read for the information of the Senate.

The legislative clerk read as follows:

Ordered, That the report of the Special Committee on Investigation of Cover on Mail of Senators, authorized by Senate Resolution 332, 83d Congress, 2d session, filed with the Secretary of the Senate on December 3, 1954, by Mr. Ferguson, on behalf of the Committee, and printed as Report No. 2510, be referred, together with the accompanying testimony and exhibits, to the Attorney General of the United States for such action as he deems appropriate.

The PRESIDENT pro tempore. Is there objection to the present consideration of the proposed order? The Chair hears none; and, without objection, the order is agreed to.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point the report of the special committee, which consisted of the then senior Senator from Michigan, Mr. Ferguson, and the senior Senator from Georgia [Mr. GEORGE]. The report is brief, and I think it should be printed in the RECORD immediately following the order, for the information of the Senate.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the report was ordered to be printed in the RECORD, as follows:

REPORT OF THE SPECIAL COMMITTEE TO INVESTIGATE THE USE OF MAIL COVERS ON SENATOR JOSEPH R. MCCARTHY OR ANY OTHER SENATOR

Senate Resolution 332, adopted December 1, created this special committee and authorized it to conduct an investigation to determine if a cover was maintained on the mail to or from Senator JOSEPH R. MCCARTHY or any other Senator and, if so, the persons responsible and the period during which this cover was maintained.

The committee, consisting of Senator Homer Ferguson, of Michigan, and Senator WALTER F. GEORGE, of Georgia, met pursuant to the resolution Thursday, December 2, to hear testimony from a number of Senators and other witnesses believed to have knowledge of the use of a mail cover.

By way of explanation, a mail cover appears to be an investigative technique which enlists the aid of the postmaster at the office where the coverage would occur to determine the addressee, return address, and postmark of all mail received at a certain address, or addresses.

On the basis of the testimony, it is clear that a mail cover was imposed on first-class mail incoming to Senator JOSEPH R. MCCARTHY at his home address for the period from October 24, 1952, to November 16, 1952. The post office at Washington, D. C., in the request for the mail cover, was asked to furnish the names of addresses, the postmarks, and the names and addresses of the addressors and to forward that information to the committee on a daily basis marked for the attention of Paul J. Cotter, chief counsel.

The mail cover was imposed on all first-class mail addressed to 5157 33d Street NW.,

Washington, D. C., which appears to be the address shared by Senator JOSEPH R. MCCARTHY and Ray Klermas, administrative assistant to Senator MCCARTHY.

Mail covers were also imposed on mail addressed to 3032 24th Street NE., from November 6, 1952, to December 6, 1952. This appears to have been the address of Miss Jean Kerr. The mail addressed to Mr. Donald A. Surine at 9606 Garland Avenue, Takoma Park, Md., was also put under cover, as was mail addressed to 509 13th Street SE., Washington, D. C., from October 24, 1952, to November 16, 1952.

The record is also clear that mail covers were imposed and maintained without the consent of Senator MCCARTHY or any of the others covered.

According to the testimony, no cover was maintained against the mail addressed to Senator MCCARTHY, or anyone else, at the Senate Office Building.

Regulation concerning mail covers is contained in chapter III of the Post Office Manual and reads as follows:

"INFORMATION FURNISHED

"1. Persons to whom information may be furnished: Postmasters and others in the postal service shall not give to unauthorized persons information concerning mail. They shall furnish such information to post-office inspectors, and may furnish it also to the sender, the addressee, or the authorized representative of either, upon satisfactory identification and provided the information requested is proper for the applicant to receive. To aid in the apprehension of fugitives from justice, postmasters may give to officers of the law, upon proper identification, information regarding the addresses, return cards, or postmarks on mail, but shall not withhold such mail from the addressees or delay its delivery. If the information so given to such officers relates to a violation of the postal laws, the postmaster shall report this action immediately to the post-office inspector in charge of the division in which his office is located."

D. H. Stephens, chief inspector for the Post Office Department, testified that never are the contents of the mail inspected and, further, that the mail must not be delayed or withheld as a result of the cover. Nevertheless, it is obvious to your committee that some delay in the mail is unavoidable if the request for coverage is complied with.

These mail covers were imposed in the course of investigation of JOSEPH R. MCCARTHY and William Benton, conducted by the Subcommittee on Privileges and Elections pursuant to Senate Resolution 187 and Senate Resolution 304 of the 82d Congress. Your special committee is convinced on the basis of conclusive evidence that the mail covers were imposed without the knowledge and without the consent of any of the members of the Subcommittee on Privileges and Elections and the chairman of the full committee. They were initiated by chief counsel to the subcommittee, Paul J. Cotter, who was responsible for them, and actually put into effect by Staff Investigators Francis X. Plant and Robert Shortley under instructions from Cotter.

The mail cover was actually requested from the postmasters at Washington, D. C., and Kensington, Md., in letters of request from the subcommittee, which set forth the address to be covered and dates for commencement and termination of the activity. These letters, both in original and file copy, have been received by the committee as exhibits in the inquiry. The originals carry a facsimile of the signature of Subcommittee Chairman THOMAS C. HENNING, JR., made by a rubber stamp. Your committee is convinced that the representation of Senator HENNING's signature was affixed to the letters without his knowledge or consent.

Evidence discloses that a signature stamp of the subcommittee chairman, Mr. HEN-

NINGS, was available in the committee room and in his personal office. The committee is unable to determine upon the evidence who actually stamped any of the letters in question.

The facsimile of Senator HENNING's signature was acted upon by the postmasters at Washington and Kensington, Md., as his actual signature.

The committee received no testimony and no evidence to indicate that mail covers were ever maintained against any other Member of the United States Senate. In fact, the testimony indicates that it has never been done on any other occasion. The committee, however, finds it almost impossible to make an exhaustive finding on this point since a conclusive determination could be made only after examining the records of every post office in the Nation.

Your committee desires in strong language to condemn the use of mail covers by a Senate committee or its staff.

The committee's attention was directed to certain sections of the United States Code, sections 1701, 1702, and 1703, title 18, dealing with obstruction of mails, obstruction of correspondence, and delay or destruction of mail or newspapers. This committee has no authority to refer this matter to the Attorney General of the United States, but the committee recommends that the Senate refer the testimony and exhibits to the Attorney General for such action as he deems appropriate.

Respectfully submitted.

HOMER FERGUSON.
WALTER F. GEORGE.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

VOLUNTARY EXTENSIONS OF ENLISTMENTS IN THE ARMY, NAVY, AND AIR FORCE

A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to authorize voluntary extensions of enlistments in the Army, Navy, and Air Force for periods of less than 1 year (with an accompanying paper); to the Committee on Armed Services.

REPORT OF UNITED STATES INFORMATION AGENCY

A letter from the Director, United States Information Agency, Washington, D. C., transmitting, pursuant to law, a report of that Agency, for the period July-December 1954 (with an accompanying report); to the Committee on Foreign Relations.

AMENDMENT OF TRAVEL EXPENSE ACT OF 1949 RELATING TO INCREASED ALLOWANCE FOR TRAVEL EXPENSES

A letter from the Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation to amend section 3 of the Travel Expense Act of 1949, as amended, to provide an increased maximum per diem allowance for subsistence and travel expenses, and for other purposes (with accompanying papers); to the Committee on Government Operations.

AUDIT REPORT ON ALASKA ROAD COMMISSION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Alaska Road Commission, Department of the Interior, for the fiscal year ended June 30, 1954 (with an accompanying report); to the Committee on Government Operations.

AUDIT REPORT ON BUREAU OF INDIAN AFFAIRS

A letter from the Assistant Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Bureau of Indian Affairs, Department of the

Interior, for the fiscal years ended June 30, 1952 and 1953 (with an accompanying report); to the Committee on Government Operations.

PROPOSED AWARD OF CONCESSION PERMIT, LEHMAN CAVES NATIONAL MONUMENT, NEV.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed award of a concession permit at Lehman Caves National Monument, Nev. (with accompanying papers); to the Committee on Interior and Insular Affairs.

AMENDMENT OF FLAMMABLE FABRICS ACT, RELATING TO EXEMPTION OF CERTAIN SCARVES

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend the Flammable Fabrics Act to exempt from its application scarves which do not present an unusual hazard (with an accompanying paper); to the Committee on Interstate and Foreign Commerce.

REPORT ON BACKLOG OF PENDING APPLICATIONS AND HEARING CASES, FEDERAL COMMUNICATIONS COMMISSION

A letter from the Chairman, Federal Communications Commission, Washington, D. C., transmitting, pursuant to law, a report on backlog of pending applications and hearing cases in that Commission, as of January 31, 1955 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

AMENDMENT OF COMMUNICATIONS ACT OF 1934

A letter from the Chairman, Federal Communications Commission, Washington, D. C., recommending the enactment of legislation amending the Communications Act of 1934, as amended, to provide a small civil penalty for violation of the rules and regulations of that Commission, applicable to all radio stations, other than those in the broadcast services; to the Committee on Interstate and Foreign Commerce.

PAYMENT OF JUDGMENTS BY POST OFFICE DEPARTMENT

A letter from the Postmaster General, transmitting a draft of proposed legislation relating to the payment of judgments by the Post Office Department (with an accompanying paper); to the Committee on the Judiciary.

TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIEN DEFECTORS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting temporary admission into the United States of certain alien defectors (with accompanying papers); to the Committee on the Judiciary.

TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting temporary admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

GRANTING OF STATUS OF PERMANENT RESIDENCE TO CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders granting the applications for permanent residence filed by certain aliens, together with a statement of the facts and pertinent provisions of law as to each alien, and the reasons for granting such applications (with accompanying papers); to the Committee on the Judiciary.

CONTRACTS FOR CONDUCT OF CONTRACT POSTAL STATIONS

A letter from the Postmaster General, transmitting a draft of proposed legislation

relating to contracts for the conduct of contract postal stations (with an accompanying paper); to the Committee on Post Office and Civil Service.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:
A concurrent resolution of the Legislature of the State of South Dakota; to the Committee on Public Works:

"Senate Concurrent Resolution 6

"Concurrent resolution memorializing the Corps of Engineers and the Congress of the United States relative to the land-acquisition program in the Missouri River Basin

"Be it resolved by the Senate of the State of South Dakota (the House of Representatives concurring):

"Whereas the land-acquisition program of the Corps of Engineers of the United States Army in connection with lands required for the Missouri River dams is of such size as to affect a large number of the citizens of the State of South Dakota; and

"Whereas it is unfair to the landowners in that the land appraisals do not take into consideration the fact that the acquisition involves a mass taking of practically the whole Missouri River bottom lands from one side of the State to the other; and

"Whereas as a result of such mass taking, the number of displaced landowners who desire to buy replacement land runs into the hundreds and perhaps thousands and the demand pressure thus built up forces these landowners to pay much higher prices for such land than they are offered by the Government for their land; and

"Whereas as a result of this pressure and increase the landowner is placed in a much worse position than before the taking; and

"Whereas there are relatively large blocks of school and endowment lands held in trust by the State of South Dakota for the benefit of the common schools and other endowed institutions, which lands are now, through long-term leases, a part of, and an asset to, residents of the area to be evacuated; and

"Whereas large bodies of such school lands are not available for lease adjacent to land available for resettlement; and

"Whereas the 'willing seller, willing buyer' concept which has been adopted by the courts as a basis for determining the compensation to be paid the landowner is unfair in that the landowner is not a willing seller but is forced to sell: Now, therefore, be it

"Resolved, That this legislature respectfully requests the Corps of Engineers to take into consideration the cost of replacement land and to adopt a scale of appraisals which will enable displaced landowners to purchase other relatively good land at the amounts received by them; and it be further

"Resolved, That the legislature respectfully requests the Corps of Engineers to abandon the 'willing seller, willing buyer' concept as a basis for its appraisals and that it take into consideration the fact that the landowner is forced to sell; and be it further

"Resolved, That if congressional action be necessary to correct the present unjust system, this legislature respectfully requests the Congress of the United States to take such action promptly; be it further

"Resolved, That the 'willing buyer, unwilling seller' concept be adopted in the appraisal of all such common school and endowment lands held in trust for the benefit of the common schools of the entire State, and all of its existing endowed institutions, when negotiating with the United States Army or any other branch of the United States Government; and commensurate with

provisions to be made for individuals and Indian tribes; be it further

"Resolved, That copies of this concurrent resolution be forwarded to His Excellency the President of the United States; the Honorable Secretary of Defense of the United States; the Honorable Secretary of the Army of the United States; the Chief of the Corps of Engineers of the United States Army at Omaha, Nebr.; to the Honorable KARL MUNDT and the Honorable FRANCIS CASE, United States Senators from South Dakota; to the Honorable HAROLD O. LOVRE and the Honorable E. Y. BERRY, Representatives in Congress from South Dakota; and to the Presiding Officer of both Houses of Congress of the United States.

"Adopted by the 34th Legislature of the State of South Dakota, March 4, 1955.

"L. R. HOUCK,

"Lieutenant Governor,

"President of the Senate.

"NLS BOE,

"Speaker of the House of Representatives.

"Attest:

"NIELS P. JENSEN,

"Secretary of the Senate.

"WALTER J. MATSON,

"Chief Clerk."

A resolution adopted by the House of Delegates of the State of West Virginia; to the Committee on Finance:

"House Resolution No. 25

"Resolution memorializing Congress to protect the coal industry and the economic status of the employees therein by restricting the importation of foreign residual oil

"Whereas the importation of foreign residual oil has stifled the market for the sale of coal; and

"Whereas the curtailment of the sale of coal, resulting directly from the unrestricted importation of foreign residual oil, has and is reducing the living standards of the people of the State of West Virginia and is resulting in untold hardships and needless unemployment to the coal miners in the State of West Virginia; and

"Whereas this importation of foreign residual oil has resulted in a tremendous loss of State revenues to the extent that the State government has been hampered in providing essential services to the people of West Virginia: Therefore be it

"Resolved by the house of delegates, That the Members of West Virginia serving in Congress exert their best efforts in opposing the importation of foreign residual oil into the United States; and be it further

"Resolved, That the clerk of the house of delegates forward attested copies of this resolution to the President of the United States Senate, the Speaker of the House of Representatives, and the Members of Congress now serving from West Virginia."

A joint resolution of the Legislature of the State of Montana; to the Committee on Appropriations:

"Joint memorial to the Congress of the United States and to the Honorable JAMES E. MURRAY and the Honorable MIKE MANSFIELD, Senators from Montana, and to the Honorable LEE METCALF and the Honorable ORVIN B. FJARE, Representatives from Montana, requesting the appropriation of sufficient Federal funds to be set aside as an emergency fund for Indian relief and welfare of all kinds to be used during the period of adjustment when the United States Government shall withdraw from the field of providing medical, hospital, and other welfare and security needs of the ward Indians of the United States

"Whereas the Federal Government previously has assumed partial responsibility for medical, hospital, and other welfare and security needs of ward Indians of the United States; and

"Whereas it is inevitable that the Federal Government will ultimately withdraw from this field of support; and

"Whereas such withdrawal must necessarily involve financial hardship upon the State of Montana and particularly the counties of Montana wherein large Indian populations are located, on tax-exempt lands: Now, therefore, be it

"Resolved by the Legislative Assembly of the State of Montana (the Senate and House of Representatives concurring), That we respectfully urge the appropriation of sufficient Federal funds to be set aside as an emergency fund for Indian relief of all kinds to be used during this period of adjustment; and be it further

"Resolved, That copies of this memorial be forwarded by the secretary of state of Montana to the Senate and House of Representatives of the United States Congress and to Senators JAMES E. MURRAY and MIKE MANSFIELD, and to Representatives LEE METCALF and ORVIN B. FJARE.

*"GEORGE GOSMAN,
"President of the Senate.*

*"LEO C. GRAYBILL,
"Speaker of the House.*

"Approved March 4, 1955."

A joint resolution of the Legislature of the State of Montana; to the Committee on Interstate and Foreign Commerce:

"House Joint Memorial 4

"Joint memorial of the Senate and House of Representatives of the State of Montana to the President of the United States; to the President of the Senate and to the Speaker of the House of Representatives of the Congress of the United States; to the Honorable JAMES E. MURRAY and the Honorable MIKE MANSFIELD, Senators from Montana; to the Honorable ORVIN FJARE and the Honorable LEE METCALF, Representatives from the State of Montana; relating to the long and short haul clause of section 4 of the Interstate Commerce Act

"To the Senate and House of Representatives of the United States in Congress assembled:

"Whereas there will be proposed and introduced in the Congress of the United States legislation providing for repeal of the long and short haul clause of the fourth section of the Interstate Commerce Act; and

"Whereas the repeal of the long and short haul clause would permit railroad companies to assess lower rates and charges for long hauls than for shorter hauls over the same route in the same direction; and

"Whereas the passage of such legislation will result in increased freight rates and charges on articles moving in interstate commerce to and from Montana to the detriment of producers, shippers, and consumers of the State of Montana; that it would encourage discriminations in rates against small shippers in favor of large shippers that would be against the public interest; and would, we believe, be in the end detrimental to the best interests of the railroads themselves: Now, therefore, be it

"Resolved by the House of Representatives of the State of Montana (the Senate concurring therein), That the Congress of the United States is hereby respectfully memorialized and urged to deny the passage of any legislation providing for the repeal or amendment of the long and short haul clause of the fourth section of the Interstate Commerce Act, when, as, and if presented for its consideration; be it further

"Resolved by the 34th Legislative Assembly of Montana, That the Senators and Representatives of the State of Montana in the Congress of the United States be required to put forth every honorable effort to defeat the aforesaid type of legislation upon presentation to the Congress of the United States, and that copies of this memorial be

forwarded forthwith to the President of the United States, to the President of the Senate, to the Speaker of the House of Representatives of the Congress of the United States, and to the Senators and Representatives of the State of Montana.

*"LEO C. GRAYBILL,
"Speaker of the House.
"GEO. M. GOSMAN,
"President of the Senate."*

A joint resolution of the Legislature of the State of Montana; to the Committee on Agriculture and Forestry:

"A joint memorial of the Senate and House of Representatives of the State of Montana, to the Congress of the United States, to the Honorable JAMES E. MURRAY and MIKE MANSFIELD, United States Senators of Montana, and to the Honorable LEE METCALF and ORVIN B. FJARE, Representatives in Congress from Montana, and to the Secretary of Agriculture of the United States requesting an increase in acreage allotments for Montana's premium high-protein milling wheat

"Whereas Montana's economy is substantially dependent upon the prosperity of Montana agriculture; and

"Whereas the production of wheat is a major part of Montana's agricultural economy; and

"Whereas the wheat farmers of Montana have practiced to a high degree summer tillage and strip farming, thus taking out of normal annual production several hundred thousand acres of their wheatland; and

"Whereas the production of wheat in Montana has been lowered further by national reductions in acreage, which has been applied uniformly to all grades and type of wheat; and

"Whereas of the 5 million acres of wheat in Montana in 1953, less than 10 percent was of low-milling quality; and

"Whereas there is no surplus of Montana's hard, high protein, premium quality milling wheats: Therefore be it

"Resolved, That the Secretary of Agriculture be respectfully petitioned to increase the acreage allotments of producers of such premium wheats; and be it further

"Resolved, That if legislative action is required to accomplish such increase in acreage allotments, then the Congress of the United States is hereby respectfully petitioned to enact the necessary legislation; be it further

"Resolved, That copies of this memorial be transmitted by the secretary of the State of Montana to the Congress of the United States of America, Senator JAMES E. MURRAY, Senator MIKE MANSFIELD, Congressman LEE METCALF, Congressman ORVIN B. FJARE, and to the Secretary of Agriculture, Washington, D. C.

*"GEO. M. GOSMAN,
"President of the Senate.*

*"LEO C. GRAYBILL,
"Speaker of the House."*

"Approved March 2, 1955."

A joint resolution of the Legislature of the State of Arizona, relating to timber land in the Coconino and Sitgreaves National Forest in Arizona; to the Committee on Interior and Insular Affairs.

(See joint resolution printed in full when presented by Mr. HAYDEN on March 8, 1955, p. 2473, CONGRESSIONAL RECORD.)

A joint resolution of the Legislature of the State of Arizona, relating to the establishment of a national cemetery in Arizona; to the Committee on Interior and Insular Affairs.

(See joint resolution printed in full when presented by Mr. HAYDEN on March 8, 1955, p. 2473, CONGRESSIONAL RECORD.)

A resolution adopted by the San Bernardino (Calif.) Real Estate Board, relating to sufficient appropriations to make more effective the services of the Federal Housing Ad-

ministration office in that city; to the Committee on Appropriations.

The petition of James H. Combs, of Kansas City, Mo., praying for a redress of grievances; to the Committee on Finance.

A resolution adopted by the La Mesa Republican Club, of La Mesa, Calif., favoring the enactment of Senate joint resolution 1, relating to the treaty-making power; to the Committee on the Judiciary.

Petitions of Frank F. O'Brien, and sundry other citizens of the State of New York, favoring the enactment of Senate joint resolution 1, relating to the treaty-making power; to the Committee on the Judiciary.

A resolution adopted by the City Council of Baltimore, Md., favoring the enactment of legislation providing increased compensation to postal employees; to the Committee on Post Office and Civil Service.

A resolution adopted by the Association of Highway Officials of the North Atlantic States, at Atlantic City, N. J., favoring the completion of the national system of highways and urban connections; to the Committee on Public Works.

By Mr. MCCLELLAN:

A concurrent resolution of the Legislature of the State of Arkansas; to the Committee on Appropriations:

"Senate Concurrent Resolution 12

"Concurrent resolution petitioning the Congress of the United States to appropriate money under the Arkansas River multiple-purpose plan and the President of the United States to approve such appropriation for the beginning of construction of dams within the State of Arkansas on the said river as set out in the comprehensive plan and recommended by the United States engineers

"Whereas the Congress of the United States in 1946 authorized a comprehensive plan for the development of the Arkansas River Basin and its tributaries known as the Arkansas River multiple-purpose plan and designed to promote flood control, navigation, generation of electrical energy, and other beneficial uses of the said water; and

"Whereas a combination of domestic and international problems has confronted this United States constantly and continuously since the adoption of the said plan, making it inadvisable to put the construction plans into operation; and

"Whereas construction and development of other river basins in these United States have progressed to near completion, and the requirements of the defense system in this country now dictate a need for the development of the Arkansas River Basin as planned; and

"Whereas control of flow and sediment on certain of the upper tributaries of the Arkansas River has been begun, removing the objections previously expressed by the United States engineers to the commencing of construction of the dams commonly known as the Dardanelle and Ozark Dam; and

"Whereas development of electrical distribution system in the Southwest, and especially in the State of Arkansas, has reached such a point that any and all of the surplus electricity which might be generated by the said dams is now needed and can be completely integrated with existing distribution systems; and

"Whereas the economic conditions both from the standpoint of the development of agricultural pursuits and industrial growth within the Arkansas River Valley and the State of Arkansas demand that this development be commenced immediately: Now, therefore, be it

"Resolved by the Senate and the House of Representatives of the 60th General Assembly of Arkansas, That we, the representatives of the people of the State of Arkansas, do insist and urge the Congress of the United States to make an appropriation

in and during the 82d session of the Congress of the United States for the commencement of construction of the Dardanelle and Ozark Dams in Arkansas and approved dams in Oklahoma necessary for control of floods and silt, as located and recommended by the comprehensive plan for the Arkansas River Basin, and if such an appropriation is made, we urge the President of the United States to approve same and direct the United States engineers to begin work without delay; and be it further

"Resolved, That when approved by the Senate and House of Representatives of the 60th General Assembly of the State of Arkansas, that copies of this resolution be forwarded to the President of the United States and to each of the Members of the House of Representatives and the Senate of the United States representing the State of Arkansas and the State of Oklahoma."

A concurrent resolution of the Legislature of the State of Arkansas; to the Committee on Interstate and Foreign Commerce:

"House Concurrent Resolution 24

"Whereas it appears at this time that there is a great need for a trout hatchery to be located in the area known as northwest Arkansas; and

"Whereas from investigation it has been determined that a suitable location for said trout hatchery has been found in the North Fork River, specifically just below the Norfolk Dam; and

"Whereas this location has been approved by the United States Department of the Interior, Fish and Wildlife Service; and

"Whereas the location of this hatchery would be of great service to the people of the area, including Arkansas, Missouri, and Oklahoma; and

"Whereas it would be necessary for the Congress of the United States to appropriate to the United States Department of the Interior, Fish and Wildlife Service, the necessary funds for the operation of this project: Now, therefore, be it

"Resolved by the House of Representatives of the 60th General Assembly of the State of Arkansas (the Senate concurring therein):

"SECTION 1. That the General Assembly of the State of Arkansas hereby respectfully requests the Members of the Congress of the United States from the State of Arkansas to introduce into Congress and seek the passage of proper legislation for the construction of a trout hatchery at Norfolk Dam for the hatching and distribution of trout in the area, and to seek an appropriation for the necessary funds to operate said hatchery.

"Sec. 2. That upon the signing of this resolution by the Governor, the secretary of state is hereby directed to furnish a certified copy hereof to each Member of the Congress of the United States from Arkansas.

*"CHARLES F. SMITH,
"Speaker of the House.*

*"NATHAN GORDON,
"President of the Senate.*

*"ORVAL E. FORBUS,
"Governor.*

"MARCH 9, 1955."

By Mr. JOHNSTON of South Carolina:

A concurrent resolution of the Legislature of the State of South Carolina; to the Committee on Appropriations:

"Concurrent resolution memorializing Congress to provide necessary funds for the development of Port Royal Harbor in South Carolina

"Whereas Port Royal Harbor, lying between the port of Savannah, Ga., and the port of Charleston, S. C., is regarded as one of the excellent harbors on the Atlantic coast; and

"Whereas during the year 1954 the Congress of the United States passed an act authorizing the development of this great har-

bor for commercial and military purposes; and

"Whereas although this authorization was passed nearly 1 year ago, there have been no funds allotted by the Congress of the United States for this much needed work; and

"Whereas the development of this harbor in the southeastern section of South Carolina will greatly implement the economic development of this section of South Carolina and the entire State of South Carolina, and will further develop one of our great natural resources into a facility which can bring prosperity and development to the entire State of South Carolina: Now, therefore, be it

"Resolved by the senate (the house of representatives concurring), That the Congress of the United States be memorialized to take such steps as are required to provide the necessary funds for the development of the Port Royal Harbor into a useful facility for commercial, military, and naval purposes; be it further

"Resolved, That a copy of this resolution be forwarded to the two Members of the Senate and to each Member of the House of Representatives from this State, to the chairman of the Ways and Means Committee in Congress, and to the chairman of the Finance Committee of the United States Senate."

NARCOTICS BUREAU—LETTER AND RESOLUTION

Mr. WILEY. Mr. President, on Friday, March 4, I pointed out in the CONGRESSIONAL RECORD on pages 2386-2387 that the American Pharmaceutical Manufacturers' Association rightly opposes any proposed transfer of the United States Bureau of Narcotics from the Treasury Department to the Justice Department.

I definitely concur in the position adopted by that association.

Today I have been pleased to hear from Dr. Karl Bambach, executive vice president and secretary of the American Drug Manufacturers' Association, who has written to me endorsing my position and conveying a similar resolution which has previously been adopted by the distinguished organizations which he represents.

I believe that an exceedingly strong and valid case has been made against any transfer of the Bureau. I feel sure that those of my colleagues who are increasingly looking into this problem of narcotics addiction will recognize the soundness of the position adopted by the pharmaceutical industry.

I ask unanimous consent that Dr. Bambach's letter, along with the resolution which he had forwarded, be printed in the RECORD and thereafter referred to the Senate Finance Committee.

There being no objection, the letter and resolution were referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

AMERICAN DRUG MANUFACTURERS' ASSOCIATION.

Washington, D. C., March 8, 1955.

HON. ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR SENATOR WILEY: Your statement in the CONGRESSIONAL RECORD for March 4, 1955, has been read with interest. On behalf of the American Drug Manufacturers Association, I would like to state that your observations are most constructive and pertinent.

The provision in Senate Joint Resolution 19 that the functions of the Bureau of Nar-

cotics are to be transferred from the jurisdiction of the Treasury Department to the Department of Justice has been a matter of great concern to the American Drug Manufacturers Association and its member companies. A formal resolution was adopted by our executive committee on February 21 and I am enclosing a copy of this statement. A membership list of the association is also enclosed.

The enclosed resolution and this letter may be used in any way in which you see fit. Copies of the resolution have been sent to each of the Senators sponsoring Senate Joint Resolution 19 and also to members of the Senate Committee on Finance.

Whether or not other portions of Senate Joint Resolution 19 have merit, we are strongly opposed to the provision mentioned above. Through several decades the ethical pharmaceutical industry and the Bureau of Narcotics have worked constructively together. Our combined efforts have made it possible for the citizens of the United States to have narcotic drugs available at any time and in any location for legitimate medical treatment. This is particularly vital in emergencies, such as serious automobile accidents, and any change in this arrangement which would tend to limit the medical availability of narcotics would not be in the public interest. During many years the proper distribution of narcotic drugs has been accomplished with an absolute minimum of illegal diversion. I think I am correct in stating that an insignificant quantity of narcotics is obtained by addicts from manufacturers, wholesalers, and retail pharmacists. This successful accomplishment is due to the constructive work of the Bureau of Narcotics in regulating narcotic drug distribution with the other capable groups in the drug trade.

If the functions of the Bureau of Narcotics should be transferred to the Department of Justice, there is a grave danger that through the years the emphasis on the control of narcotics would gradually change to rest upon enforcement and investigatory activities, and not upon regulatory and administrative functions. While we have the highest regard for the Department of Justice and its agencies, it must be recognized that the Department is not equipped to serve as an administrative and regulatory body in technical fields. On the other hand, the Treasury Department has a number of other regulatory functions similar to the control of narcotics and none of these should be transferred to the Department of Justice.

Furthermore, the chain of control of narcotic drugs is accomplished by means of a Federal tax which is properly administered by the Treasury Department.

Should the control of narcotics through the years grow into a function which is primarily a policing activity, we believe that the distribution of essential narcotic medication would be curtailed and the drugs would become less readily available for medical treatment, particularly in rural areas. Wholesalers and retailers, who now stock these drugs, would discontinue them under those conditions.

We respectfully ask your consideration of these points, with the thought that appropriate changes could be made in Senate Joint Resolution 19 which would not alter the present authority of the Bureau of Narcotics of the Treasury Department. Your interest in this important problem is deeply appreciated.

Sincerely yours,

KARL BAMBACH,
Executive Vice President.

RESOLUTION APPROVED BY EXECUTIVE COMMITTEE, AMERICAN DRUG MANUFACTURERS ASSOCIATION, FEBRUARY 21, 1955

Whereas Senator PAYNE (Maine) has, with 41 cosponsoring Senators, introduced Senate Joint Resolution 19, including an Omnibus Narcotic Control Act of 1955 and providing

among other things for the transfer of the functions of the Bureau of Narcotics from the jurisdiction of the Secretary of the Treasury to that of the Attorney General; and

Whereas House Joint Resolutions 141, 147, 149, and 155 have been introduced in the House of Representatives, containing similar provisions and many other similar pieces of legislation are being contemplated: Now, therefore, be it

Resolved, That the American Drug Manufacturers Association, in connection with the foregoing, and directing its attention exclusively to the principle of transferring the functions of the Bureau of Narcotics to the jurisdiction of the Attorney General, believes that such a transfer is wrong and contrary to the best interests of the public for the following reasons; to wit:

1. The Bureau of Narcotics is staffed from the Commissioner down with very able and competent public officials who have administered the Federal narcotic laws in efficient fashion. If any weaknesses exist, they exist in the laws and international control and not in the personnel of enforcement, or in the Secretary of the Treasury. To transfer the functions of the Bureau of Narcotics to the Department of Justice would, in our opinion, destroy the present Bureau which has proved so valuable throughout the years.

2. The principal source of illicit drug traffic in the United States is wholly beyond the control of the Bureau of Narcotics, or any Federal agency, and is entirely in the control of Red China, Soviet Russia, and many other countries outside of the so-called Iron Curtain who call themselves allies of the United States.

3. Inasmuch as the problem of illicit narcotics is primarily international, it is of first importance that the Bureau of Narcotics be and continue in close association with, the Bureau of Customs under the Secretary of the Treasury, in order to better protect the public against the introduction of illegal narcotics into this country.

4. Consideration should be given to the fact that one of the principal duties of the Bureau of Narcotics is to manage, control, regulate, and encourage the distribution of narcotics in legitimate channels for the benefit of the injured, sick, and dying.

5. The United States drug manufacturing industry and the Bureau of Narcotics have for many years worked in an atmosphere of constructive cooperation. The many technical activities carried out by the Bureau of Narcotics inspectors and administrators can be more effectively performed by a regulatory agency than by a police agency.

6. The Department of Justice is largely an enforcement organization without the experience or technical staff to appreciate or properly administer the very technical phases of the distribution of narcotics through legitimate drug, hospital, and medical channels, nor the very scientific problems of drug addiction.

7. It is of the utmost importance to the public of the United States that there be no hindrance to the proper distribution of narcotics through legitimate channels to the end that when human suffering exists, narcotics may be immediately available for administration by appropriate professional persons. Any change which would hinder legitimate medical use and availability of narcotics in emergencies, anywhere in this country, would not be in the public interest.

8. Inasmuch as practically every piece of Federal legislation involving trade practices in this country contains some regulatory provisions, it would be just as logical to transfer the administration thereof to the Department of Justice as the Bureau of Narcotics, but for sound and proper reasons, they will not be so transferred; and be it further

Resolved, That a copy of this resolution be sent by the executive vice president and

secretary of the American Drug Manufacturers Association to appropriate Senators and Representatives as evidence of the position of this association in respect of the contemplated legislation.

FEDERAL AID FOR SOIL CONSERVATION SERVICE—LETTER AND RESOLUTION

Mr. WILEY. Mr. President, I present a resolution which I have received from Mr. Harry Schuyler, secretary of the Wisconsin Association of Soil Conservation District Supervisors. This resolution was adopted by the Association at its annual meeting held in Madison, Wis., on February 3, 1955.

It has been my conviction that the Soil Conservation Service renders invaluable service to our country. Its program is designed to safeguard the best interests of farmers and all the people of our Nation and of future generations.

In recognition of this vital subject, I ask unanimous consent that the letter and accompanying resolution be printed in the RECORD and appropriately referred.

There being no objection, the letter and resolution were referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

WISCONSIN ASSOCIATION OF SOIL
CONSERVATION DISTRICT SUPERVISORS,
Fish Creek, Wis., February 11, 1955.
Senator ALEXANDER WILEY,
Washington, D. C.

DEAR ALEX: I was instructed by the Wisconsin Association of Soil Conservation District Supervisors, at its annual meeting held in Madison on February 3, 1955, to send you the attached resolution in behalf of the Soil Conservation Service.

The resolution expresses the opinion of supervisors from 67 countywide soil-conservation districts of Wisconsin.

We supervisors believe that the Soil Conservation Service should continue to be supported 100 percent by Federal funds if this organization is to continue to effectively serve the best interests of farmers and all people of our Nation.

Very truly yours,

HARRY SCHUYLER,
Secretary.

RESOLUTION ADOPTED BY WISCONSIN ASSOCIATION OF SOIL CONSERVATION DISTRICT SUPERVISORS, FEBRUARY 3, 1955

In looking back over accomplishments of the Soil Conservation Service in soil conservation districts in Wisconsin, real progress has been made. Cooperation between this agency and others working in the field of soil and water conservation in the State is most excellent.

Wisconsin has long recognized the wise use and vital importance of our natural resources and has helped develop soil and water conservation and good land use for the agriculture within the State.

We recognize the sound farmland and water policies adopted by Congress in the past and would very much like to see it continued.

Whereas the Soil Conservation Service has demonstrated its ability to serve with outstanding efficiency and skill in soil conservation districts of America; and

Whereas any transfer of responsibilities or change of organization of this agency would delay and decrease progress in our soil and water conservation efforts: Now, therefore, be it

Resolved by the Wisconsin State Association of Soil Conservation Districts, in annual session, That it favors—

1. Continuation of the Soil Conservation Service under the present financial and administrative form with responsibility for carrying out programs developed by the locally administered Soil Conservation Districts and for furnishing technical assistance in the development of small watershed conservation projects.

2. Appropriation of Federal funds for the Soil Conservation Service in sufficient amount to permit accelerated progress in the important work of protecting and saving our vital soil and water resources and for additional responsibilities under the Small Watershed Act; further

Resolved, That a copy of this resolution be sent to each Senator and Representative in Congress.

AMENDMENT OF NATURAL GAS ACT—RESOLUTION OF TEXAS DAILY NEWSPAPER ASSOCIATION

Mr. DANIEL. Mr. President, I present, for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the Texas Daily Newspaper Association, relating to the regulation of the field price of natural gas.

There being no objection, the resolution was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

TEXAS DAILY NEWSPAPER ASSOCIATION
RESOLUTION

Whereas production of oil and gas accounts for approximately 35 percent of all taxes paid into the Texas treasury; and

Whereas such production vitally affects all phases of Texas economy, members of the Texas Daily Newspaper Association, in convention assembled at San Antonio this 6th day of February, 1955, hereby express alarm that the Federal Government has singled gas production as an industry to control by fixing prices for such production; and

Whereas it is feared that where one phase of the Nation's economy so comes under arbitrary control, the foundation is set for other such advances: Therefore be it

Resolved, That inasmuch as the field price of natural gas is adequately regulated by free competition, there is no need nor justification for such price regulation by the Federal Power Commission as is now being undertaken under the so-called "Phillips" decision of the Supreme Court. While regulation of prices charged by public utilities is entirely proper, the gas producing business has none of the characteristics of a public utility.

We are opposed to the extension of price regulation in circumstances in which competition is effective as a regulatory factor. We are also opposed to Federal regulation in any area in which State regulation is applicable as is true for the conservation of natural gas.

We strongly favor Congressional legislation to make doubly clear that the Federal Power Commission have no control over the field price of natural gas, regardless of who produces it. That Congress has intended this all along is shown by its original provision in the Natural Gas Act of 1938, expressly exempting production and gathering from Federal Power Commission jurisdiction, and is also shown by the provisions of the act passed in 1952 reiterating this purpose.

It is further resolved that a copy of these resolutions be sent to each Member of Congress from the State of Texas.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GREEN, from the Committee on Rules and Administration, without amendment:

S. Res. 61. A resolution authorizing a study of the antitrust laws of the United States, and their administration, interpretation, and effect (Report No. 50);

S. Res. 66. A resolution to provide additional funds for the Committee on the Judiciary (Report No. 55);

S. Res. 67. A resolution to authorize a study of the narcotics problem in the United States (Report No. 56); and

S. Res. 70. A resolution increasing the limit of expenditures by the Committee on Public Works (Report No. 57).

By Mr. GREEN, from the Committee on Rules and Administration, with an amendment:

S. Res. 57. A resolution authorizing further expenditures and temporary employment of additional assistants by the Committee on Banking and Currency (Report No. 48); and

S. Res. 65. A resolution to authorize an investigation of national penitentiaries (Report No. 54).

By Mr. GREEN, from the Committee on Rules and Administration, with additional amendments:

S. Res. 58. A resolution to further increase the limit of expenditures under S. Res. 366, 81st Congress, relating to the internal security of the United States (Report No. 49).

By Mr. GREEN, from the Committee on Rules and Administration, with amendments:

S. Res. 62. A resolution to study juvenile delinquency in the United States (Report No. 51);

S. Res. 63. A resolution providing funds for an examination and review of the administration of the Trading With the Enemy Act (Report No. 52); and

S. Res. 64. A resolution extending the authority to investigate problems connected with emigration of refugees from Western European nations (Report No. 53).

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service:

S. 67. A bill to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes; with an amendment (Report No. 58).

VIVIAN COLLINS MATHEWS— REPORT OF A COMMITTEE

Mr. GREEN. Mr. President, from the Committee on Rules and Administration, I report an original resolution, and ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The resolution (S. Res. 74) to pay a gratuity to Vivian Collins Mathews, was read, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Vivian Collins Mathews, widow of Clyde H. Mathews, an employee of the Senate at the time of his death, a sum equal to 8½ months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

TAX RATE EXTENSION ACT OF 1955—MINORITY VIEWS (PT. 2 OF S. REPT. NO. 36)

Pursuant to the order of the Senate of March 8, 1955,

Mr. KERR (for himself, Mr. FREAR, Mr. LONG, Mr. SMATHERS, Mr. JOHNSON of Texas, and Mr. BARKLEY) on March 9, 1955, submitted the views of the minority of the Committee on Finance, on the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption, which were ordered to be printed.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, March 10, 1955, he presented to the President of the United States the enrolled bill (S. 456) relating to the regulation of nets in Alaska waters.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,
The following favorable reports of nominations were submitted:

By Mr. KILGORE, from the Committee on the Judiciary:

John Marshall Harlan, of New York, to be Associate Justice of the Supreme Court of the United States, vice Robert H. Jackson, deceased;

Ben F. Cameron, of Mississippi, to be United States circuit judge, fifth circuit, vice Edwin R. Holmes, retired;

William E. Miller, of Tennessee, to be United States district judge for the middle district of Tennessee; and

Mr. Frank Reid, of South Carolina, to be United States marshal for the western district of South Carolina.

By Mr. GEORGE, from the Committee on Foreign Relations:

William A. Kimbel, of South Carolina, to be the representative of the United States of America to the 10th session of the Economic Commission for Europe of the Economic and Social Council of the United Nations; and

Kingsley Davis, of New York, to be the representative of the United States of America on the Population Commission of the Economic and Social Council of the United Nations for a term of 3 years expiring December 31, 1957.

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce:

Clarence G. Morse, of California, to be a member of the Federal Maritime Board, vice Louis S. Rothschild; and

Charles E. Haley, and sundry other persons, to be chief warrant officers in the United States Coast Guard.

By Mr. SALTONSTALL, from the Committee on Armed Services:

Robert Tripp Ross, of New York, to be an Assistant Secretary of Defense.

By Mr. ERVIN, from the Committee on Armed Services:

Russell V. Perry, Jack P. Ancker, and Hugh W. Bush, Jr., for reappointment to the active list of the Regular Army of the United States, from the temporary disability retired list;

John R. Connolly, and sundry other persons, for appointment in the Regular Army of the United States;

Frederick R. Abrams, and sundry other persons, for appointment in the Medical Corps, Regular Army of the United States;

William Broady, and sundry other persons, for appointment in the Regular Army of the United States;

Lowell F. Lawson, for appointment in the Medical Service Corps, Regular Army of the United States; and

John A. Keaczenski, and sundry other students, for appointment in the Regular Army of the United States.

Mr. BRICKER. Mr. President, as in executive session, on behalf of the chairman of the Committee on Interstate and Foreign Commerce, the Senator from Washington [Mr. MAGNUSON], I wish to report the recommendation of that committee that the nomination of George C. McConaughy, of Ohio, to be a member of the Federal Communications Commission, be confirmed.

The PRESIDENT pro tempore. The nomination will be placed on the Executive Calendar.

Mr. STENNIS. Mr. President, from the Committee on Armed Services I report the nominations of 67 flag and general officers. Certain of these officers are nominated for placement on the retired list in 3- and 4-star rank, which is the rank in which they were, or are, serving on the date of their mandatory retirement. Others are major generals, brigadier generals, or rear admirals, Regular and Reserve, who now hold temporary appointments and who are being nominated for permanent appointment without increase in rank.

A substantial number of nominations of qualified officers for temporary appointment in 1- or 2-star rank was not acted upon by the committee pending a final report to the committee of the Subcommittee on Officer Grade Limitations. We anticipate that this group of flag and general officers will be acted upon within the very near future.

I would point out, Mr. President, that the five general officers of the Army who are being nominated to fill positions of special importance or responsibility in 3-star rank are recommended for confirmation under section 504 of the Officer Personnel Act of 1947 and not under sections 504 and 515.

I request that these nominations be placed on the Executive Calendar.

The PRESIDENT pro tempore. The nominations will be placed on the Executive Calendar.

The nominations reported by Mr. STENNIS are as follows:

Gen. John Edwin Hull, Army of the United States (major general, U. S. Army);

Gen. Charles Lawrence Boite, Army of the United States (major general, U. S. Army);

Gen. William Morris Hoge, and Major Generals Withers Alexander Burrell and William Benjamin Kean, to be placed on the retired list;

Maj. Gen. John Wilson O'Daniel.

Maj. Gen. James Dunne O'Connell, Army of the United States (brigadier general, U. S. Army), for appointment as Chief Signal Officer, United States Army, and as major general in the Regular Army of the United States;

Maj. Gen. John Wilson O'Daniel, United States Army, to be Chief, Military Assistance

Advisory Group, Indochina, with the rank of lieutenant general.

Maj. Gen. Hobart Raymond Gay, United States Army, to be commanding general, Fifth Army, with the rank of lieutenant general.

Maj. Gen. Stanley Raymond Mickelsen, United States Army, to be commanding general, Army Antiaircraft Command, with the rank of lieutenant general.

Maj. Gen. Thomas Wade Herren, United States Army, to be commanding general, First Army, and senior United States Army member, Military Staff Committee, United Nations, with the rank of lieutenant general.

Maj. Gen. Claude Birkett Ferenbaugh, United States Army, to be deputy commanding general, Army Forces, Far East, with the rank of lieutenant general.

Maj. Gen. Laurin Lyman Williams, and sundry other officers, for appointment in the Regular Army of the United States;

Maj. Gen. John Harrison Stokes, Jr., and sundry other officers, for appointment in the Regular Army of the United States;

Edward W. Snedeker, and sundry other officers, for permanent appointment in the Marine Corps; and

William A. Read, and sundry other officers of the Reserve of the United States Navy, for permanent appointment.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KILGORE (by request):

S. 1385. A bill for the relief of Ralph Bennett and certain other employees of the Bureau of Indian Affairs;

S. 1386. A bill for the relief of G. F. Allen, deceased, former Chief Disbursing Officer, Treasury Department, and for other purposes;

S. 1387. A bill to further amend the Military Personnel Claims Act of 1945;

S. 1388. A bill to provide for the relief of certain members of the Army, Navy, and Air Force, and for other purposes; and

S. 1389. A bill to further amend the act of January 2, 1942, entitled "An act to provide for the prompt settlement of claims for damages occasioned by Army, Navy, and Marine Corps forces in foreign countries"; to the Committee on the Judiciary.

(See the remarks of Mr. KILGORE when he introduced the above bills, which appear under a separate heading.)

By Mr. KEFAUVER:

S. 1390. A bill to improve the enforcement of laws pertaining to gambling by suppressing the transmission of certain gambling information; to the Committee on Interstate and Foreign Commerce.

By Mr. KNOWLAND (for himself, Mr. KUCHEL, Mr. BIBLE, and Mr. MALONE):

S. 1391. A bill granting the consent of Congress to the States of California and Nevada to negotiate and enter into a compact with respect to the distribution and use of the waters of the Truckee, Carson, and Walker Rivers, Lake Tahoe, and the tributaries of such rivers and lake in such States; to the Committee on Interior and Insular Affairs.

By Mr. BUTLER:

S. 1392. A bill to amend subsection (e) (1) of section 13A of the Subversive Activities Control Act of 1950 to change from 2 years to 3 years the standard contained therein with respect to the past affiliations of individuals conducting the management of certain organizations; to the Committee on the Judiciary.

By Mr. MANSFIELD:

S. 1393. A bill to repeal the provision of the Second Deficiency Appropriation Act,

fiscal year 1935, which requires recoupment of certain Federal funds spent for school construction; to the Committee on Appropriations.

S. 1394. A bill to provide for the issuance of a special postage stamp in honor of the late E. S. Paxson; to the Committee on Post Office and Civil Service.

By Mr. MUNDT:

S. 1395. A bill to amend the joint resolution entitled "Joint resolution to establish a commission for the celebration of the 200th anniversary of the birth of Alexander Hamilton," approved August 20, 1954; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 1396. A bill to establish a conservation acreage reserve, to promote conservation and improvement of agricultural soil and water resources, to stabilize farmers' income, to adjust total agricultural production to consumer and export needs, to maintain an abundant and even flow of farm commodities in interstate commerce, and for other purposes; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. HUMPHREY when he introduced the above bill, which appear under a separate heading.)

By Mr. YOUNG:

S. 1397. A bill providing for the conveyance to St. Mary's Mission of certain lands on the Turtle Mountain Indian Reservation; to the Committee on Interior and Insular Affairs.

By Mr. YOUNG (for himself and Mr. ELLENDER):

S. 1398. A bill to strengthen the investigation provisions of the Commodity Exchange Act; to the Committee on Agriculture and Forestry.

By Mr. ALLOTT:

S. 1399. A bill for the relief of Victorine (Vicky) Shalam; to the Committee on the Judiciary.

By Mr. THYE:

S. 1400. A bill to protect the integrity of grade certificates under the United States Grain Standards Act; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. THYE when he introduced the above bill, which appear under a separate heading.)

By Mr. LANGER:

S. 1401. A bill for the relief of Ciro Romano; to the Committee on the Judiciary.

By Mr. SMATHERS:

S. 1402. A bill to authorize mileage allowance of 10 cents per mile for United States marshals and their deputies for travel on official business; to the Committee on the Judiciary.

By Mr. JOHNSTON of South Carolina:

S. 1403. A bill conferring jurisdiction upon the United States District Court for the Eastern District of South Carolina to hear, determine, and render judgment upon certain claims of Roderick D. Strawn; to the Committee on the Judiciary.

By Mr. BEALL:

S. J. Res. 55. Joint resolution to control the number of licenses issued in the District of Columbia for the operation of motor vehicles for hire (taxicabs); to the Committee on the District of Columbia.

SUNDRY BILLS FOR CONSIDERATION OF JUDICIARY COMMITTEE

Mr. KILGORE. Mr. President, by request, I introduce for appropriate reference, five bills which have been submitted by the Department of the Interior, the Department of the Treasury, the Department of the Air Force, the Department of Defense, and a proposal by the Department of the Air Force in behalf of the Department of Defense.

I ask unanimous consent that there be printed in the RECORD, to accompany each of these bills, the letters forwarded with these proposals by the Department of the Interior, the Department of the Treasury, the Department of the Air Force, the Department of Defense, and the Department of the Air Force in behalf of the Department of Defense.

The PRESIDENT pro tempore. The bills will be received and appropriately referred; and, without objection, the letters will be printed in the RECORD.

The bills, introduced by Mr. KILGORE, by request, were received, read twice by their titles, and referred to the Committee on the Judiciary, as follows:

S. 1385. A bill for the relief of Ralph Bennett and certain other employees of the Bureau of Indian Affairs.

(The letter accompanying Senate bill 1385 is as follows:)

UNITED STATES
DEPARTMENT OF THE INTERIOR,
Washington, D. C., January 27, 1955.
HON. RICHARD M. NIXON,
President of the Senate,
Washington, D. C.

MY DEAR MR. PRESIDENT: Transmitted herewith is a draft of a proposed bill "For the relief of Ralph Bennett and certain other employees of the Bureau of Indian Affairs."

I suggest that this proposed bill be referred to the appropriate committee for consideration, and I recommend that it be enacted.

The proposed bill would reimburse certain employees of the United States for the loss of certain tools, which were their personal property, in a fire at the consolidated garage, at Fort Defiance, Ariz., on February 6, 1953. These mechanics and helpers were using their personal tools to work on Government equipment in a Government-owned shop and stored them there each night.

The building was erected in 1938 and was used continually as a garage by the Bureau of Indian Affairs. Consequently, it was saturated with oil and greases. The fire had been burning for some time when it was discovered by school boys at 5:55 a. m. When the volunteer fire department responded to the alarm at 6:05 a. m., the building was completely in flames which made it very difficult for the volunteer fire department to control the fire.

The immediate cause of the fire is unknown. There is, however, no evidence of negligence or wrongful act or omission on the part of the prospective beneficiaries of the proposed bill. Since there is no evidence of negligence or wrongful act or omission on the part of any employee of the Government, the claim cannot be paid under the provisions of the Federal Tort Claims Act (28 U. S. C. 2672). The heating plant in this building was fired by an employee who goes off duty at 11 p. m. and returns to duty at 6 a. m. the following morning.

The total cost to the Government if the proposed bill were enacted would be \$3,169.29. There is enclosed an itemized list of the property destroyed by the fire, showing the original cost of the property and its depreciated value.

The Bureau of the Budget has advised that there is no objection to the presentation of this proposed legislation to Congress.

Sincerely yours,

D. OTIS BEASLEY,
Administrative Assistant,
Secretary of the Interior.

Enclosures.

S. 1386. A bill for the relief of G. F. Allen, deceased, former Chief Disbursing Officer, Treasury Department, and for other purposes.

(The letter accompanying Senate bill 1386 is as follows:)

JANUARY 5, 1955.

THE PRESIDENT OF THE SENATE.

SIR: There is transmitted herewith a draft of a proposed bill for the relief of G. F. Allen, deceased, former Chief Disbursing Officer, Treasury Department, and for other purposes.

The purpose of the proposed legislation is to provide relief for certain former and present officers of the Treasury Department for various unavailable items in their accounts.

The Department has given careful consideration to the various items included in the proposed legislation and recommends in the interest of economy and good fiscal administration that provision be made for clearance of the amounts from the fiscal officers' accounts. Such action will not affect the efforts of the Government to make recovery. Evidence indicates that the officers acted in entire good faith, and that they were not remiss in any respect in the exercise of their official duties. Moreover, the Treasury Department handles several hundred million financial transactions each year and a few errors are inevitable.

There are enclosed exhibits which explain more in detail the items included in the proposed legislation.

It would be appreciated if you would lay the proposed bill before the Senate. A similar proposed bill has been transmitted to the Speaker of the House of Representatives.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this proposed legislation to the Congress.

Very truly yours,

M. B. FOLSOM,

Acting Secretary of the Treasury.

S. 1387. A bill to further amend the Military Personnel Claims Act of 1945.

(The letter accompanying Senate bill 1387 is as follows:)

DEPARTMENT OF THE AIR FORCE,

Washington, January 3, 1955.

HON. RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: There is enclosed a draft of legislation, "To further amend the Military Personnel Claims Act of 1945."

This proposal is part of the Department of Defense Legislative Program for 1955 and the Bureau of the Budget has advised that there would be no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Air Force has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of this legislation is to amend the Military Personnel Claims Act of 1945 (59 Stat. 225), as amended (31 U. S. C. 222c), so as to remove the \$2,500 limitation upon the amount which may be recovered under that Act. This proposal would also permit the recovery of the full amount of any claim in excess of \$2,500 in the case of an individual whose claim may have been settled in the interim period after July 3, 1952, and prior to the date that this proposed legislation would be enacted and become effective. The limitation was imposed by an amendment on the floor of the Senate in the closing days of the 82d Congress. Prior to this time, there was no limit on the amount which could be recovered as a result of loss or damage to personal property.

The Department of Defense is of the opinion that this monetary limitation imposes the greatest hardship on those members of the military service who are least able to bear the burden. The usual claim averages about \$250 or less, and involves damage or loss of household furnishings and personal

property incident to transportation of shipment by Government carrier or by Government contract carrier. Events of catastrophic proportion such as fire, flood, and airplane crashes, account for the vast majority of claims in excess of \$2,500. These major claims usually involve total losses of household furnishings and personal possessions of the unfortunate individuals concerned.

With regard to the monetary aspects of this proposal, the military departments report as follows concerning the recovery limitation in the Military Personnel Claims Act of 1945 during the fiscal year of 1954:

	Army (estimate)	Navy (estimate)	Air Force
Number of claims affected by the limitation.....	22	7	33
Amount by which the limitation reduced the total amount paid.....	\$23,450.98	\$12,806.37	\$41,240.38

It is realized that personnel with claims in excess of \$2,500 are not precluded from ultimate recovery of the full amount as they may request the Congress to enact private relief legislation in their behalf. However, as pointed out above, the cases involving more than that amount usually result from a disastrous event of accident. The Department of Defense feels that especially in these cases of extreme hardship the full amount of the claim should be paid very promptly. The removal of the limitation would allow this to be accomplished and, in addition, the Congress and the President would not be burdened with additional private legislation. In this regard at least one private relief bill has already been introduced on behalf of a claimant who was limited in the amount of recovery, after having filed a claim in the amount of \$6,749.85, for the loss of household furnishings caused by fire (H. R. 5651, 83d Cong.). It is assumed that such private legislation will be introduced on behalf of other claimants as long as the limitation remains in effect. Further, claims in excess of \$2,500 would be subject to congressional scrutiny as the act provides that all settlements shall be reported annually to the Congress.

LEGISLATIVE REFERENCES

An identical proposal was submitted to the Congress on November 18, 1953, as a part of the Department of Defense Legislative Program for 1954. It was introduced as H. R. 7068 and passed the House of Representatives on July 6, 1954. No further action was taken on that proposal.

COST AND BUDGET DATA

It is estimated that the enactment of this proposal would result in an increase in cost to the Army of \$23,450 for fiscal year 1956, however, no worth-while estimate of the increase in cost to the Navy, the Air Force, or the Marine Corps is possible.

Sincerely yours,

HAROLD E. TALBOTT.

S. 1388. A bill to provide for the relief of certain members of the Army, Navy, and Air Force, and for other purposes.

(The letter accompanying Senate bill 1388 is as follows:)

DEPARTMENT OF THE AIR FORCE,

Washington, January 3, 1955.

HON. RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation to provide for the relief of certain members of the Army, Navy, and Air Force, and for other purposes.

This proposal is part of the Department of Defense legislative program for 1955 and the Bureau of the Budget has advised that it has no objection to the submission of this proposal for the consideration of the Con-

gress. The Department of the Air Force has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of this legislation is to validate payments of the subsistence portion of station per-diem allowances heretofore made to approximately 1,737 members of the Army, Navy, and Air Force, in the total approximate amount of \$1,683,189, who were on permanent duty at Elmendorf Air Force Base and Fort Richardson, Alaska, from February 1, 1949, to October 12, 1950. This legislation is needed because of the decision of the Comptroller General of the United States numbered B-103602, dated February 19, 1952 (31 Comp. Gen. 399), in which such payments were held to be invalid. A copy of that decision was forwarded as an inclosure to a report by the Comptroller General to the Congress dated March 6, 1952, relative to these payments.

Under the provisions of section 12 of the Pay Readjustment Act of 1942 (56 Stat. 364), as amended by section 203 of the act of August 2, 1946 (60 Stat. 859), the Congress authorized the payment to members of the uniformed services "on duty outside continental United States or in Alaska, whether or not in a travel status, of actual and necessary expenses or per diem in lieu thereof, considering all elements of cost of living, including cost of quarters, subsistence, and other necessary incidental expenses." Regulations issued in implementation of the statute permitted the payment of prescribed allowances when Government messes were not available.

Acting upon a considered construction of the controlling law, the Director of Finance, Headquarters United States Air Force, on March 30, 1951, expressly authorized to be made the payments which would be validated by enactment of this proposed legislation. The action of the Director of Finance was taken with the knowledge that the notices concerning availability of messing facilities which had been posted at the installations concerned did not make Government messes available to the officers concerned. Following this authorization, payments were made to and accepted by over 1,700 officers of the Air Force and Army. Similar payments were made to a very limited number of naval personnel. These payments were additionally supported by the individual and personal certifications of the payees, made pursuant to the Act of October 26, 1942 (56 Stat. 987), to the effect that a Government mess was not in fact available to them.

In comments to the Bureau of the Budget concerning legislation proposed by the Department of Defense to validate these payments, the General Accounting Office reaffirmed views in opposition to enactment of the bill. The Director of the Bureau of the Budget after considering the views expressed by the General Accounting Office has advised this Department that while he concurs fully with the views expressed by that Office, "it would appear to impose an undue financial hardship to require the refund now of payments made 3 years ago to individuals who, through no fault on their part and acting in good faith, thought they were entitled to receive them." Accordingly, the Bureau of the Budget has interposed no objection to submission of this legislative proposal to the Congress.

LEGISLATIVE REFERENCE

This proposal was submitted to the 83d Congress by the Department of the Air Force on July 22, 1954, as a part of the Department of Defense legislative program for 1954. It was introduced as H. R. 10059.

COST AND BUDGET DATA

This proposal would cause no increase in current budgetary requirements of any establishment of the Department of Defense.

As previously indicated, payments in the approximate amount of \$1,683,189 have heretofore been made. This act would not authorize payment of special per diem allowances to any officers who have not heretofore been paid; however, it would authorize the repayment to those officers who have been required to make a refund of payments made during the period involved. Accordingly, under section 3 of the proposed legislation, payments to those officers will be absorbed in appropriations available to the military departments concerned for pay and allowances of military personnel.

Sincerely yours,

HAROLD E. TALBOTT.

S. 1389. A bill to further amend the act of January 2, 1942, entitled "An act to provide for the prompt settlement of claims for damages occasioned by Army, Navy, and Marine Corps forces in foreign countries."

(The letter accompanying Senate bill 1389 is as follows:)

DEPARTMENT OF THE AIR FORCE,

Washington, January 3, 1955.

HON. RICHARD M. NIXON,

President of the Senate.

DEAR MR. PRESIDENT: There are forwarded herewith a draft of legislation to further amend the act of January 2, 1942, entitled "An act to provide for the prompt settlement of claims for damages occasioned by Army, Navy, and Marine Corps forces in foreign countries," and a sectional analysis thereof.

This proposal is a part of the Department of Defense legislative program for 1955, and the Bureau of the Budget has advised that there would be no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Air Force has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of this legislation is to further amend the act of January 2, 1942, generally referred to as the Foreign Claims Act. This act, as amended, authorizes the secretary of a military department to appoint commissions to settle claims against the United States where military or civilian personnel of that department have caused property damage, injury, or death to inhabitants of any foreign country.

One of the requirements in the act is that the person must have sustained the property loss, injury, or death in the country in which he is an inhabitant. If the claim arises in a foreign country of which the claimant is not an inhabitant, there is no authority for an administrative settlement. For example, a French inhabitant may be paid if he is injured in France but he cannot be paid if he is injured in Belgium, or some other foreign country. Section 1 (1) of this proposal would eliminate this situation by deleting from the act the words "arising in such foreign country," and substituting therefor the words "arising outside of the United States, its territories and possessions." The fact that settlements can be effected only in those cases where the claimant is an inhabitant of the country where the incident occurred has resulted in numerous private relief bills. This would be obviated by the enactment of the proposed bill.

At the present time, almost all death claims and many property damage claims are found to be meritorious in an amount exceeding \$5,000. When so found, they must be certified to the Congress by the Bureau of the Budget for an appropriation out of which to pay the claim, thus resulting in a delay in payment and consequent dissatisfaction with the presence of United States Armed Forces in otherwise friendly foreign countries. Enactment of section 1 (2) of the

proposed bill would not only expedite payment of these meritorious claims, but would reduce by approximately 90 percent the number of claims so certified to Congress. The proposed amendment would raise the jurisdictional limit of claims which may be settled administratively from \$5,000 to \$15,000.

The existing law permits claims against one service to be settled and paid, upon the request of the service concerned, by a claims commission composed of officers of a different service during time of war. Section 1 (3) of the proposed bill would provide permanent authority for the use of joint commissions or commissions of other services. Under the present law, each military department must, in peacetime, have a claims commission available for every area in the world where civilian or military personnel of that department are assigned for duty. Enactment of this legislative proposal will decrease the peacetime budgetary requirements of the Department of Defense by eliminating the necessity for three commissions in foreign countries where civilian or military personnel of all three military departments are assigned.

Finally, the coverage of the Foreign Claims Act is limited to the activities of military and civilian personnel of the three military departments. It does not cover activities of those civilian employees of the Department of Defense who are not employed by a military department, such as civilian employees of the Office of the Secretary of Defense and of Military Assistance Advisory Groups. Section 1 (4) of the proposed bill would extend the coverage of the Foreign Claims Act to the activities of these civilian employees. Any claims made cognizable by this extension of the act would be handled by the commissions already established by the military departments. While the number of claims caused by the activities of civilian employees of the Department of Defense has been limited, the lack of authority to settle them has been a source of embarrassment to the Government. The effect of the proposed amendment is to extend the act so that it will conform with existing Department of Defense organization.

All of these amendments are designed to effectuate as fully as possible the avowed purpose of the Foreign Claims Act, which is to promote and maintain friendly relations with foreign countries by the prompt settlement of certain meritorious claims arising in those countries.

LEGISLATIVE REFERENCES

By letters dated January 5, 1953, and March 23, 1953, the Office of the Secretary of Defense forwarded two proposals to the Congress, which were introduced as H. R. 2565 and H. R. 4364, respectively. By a letter dated December 2, 1953, the Department of the Air Force forwarded a proposal to the Congress which was introduced as H. R. 7067. All three of those proposals would have amended the Foreign Claims Act. The proposals which were introduced as H. R. 2565 and H. R. 4364 were also introduced as S. 1239 and S. 1449, respectively. H. R. 2565 and H. R. 4364 were passed by the House of Representatives on April 20, 1953, and May 19, 1953, respectively, but no further action was taken thereon. No action was taken on H. R. 7067 after its introduction. This proposal is a consolidation of those three proposals.

COST AND BUDGET DATA

It is estimated that the enactment of this proposal would result in an increase in costs to the Army of \$139,000 and to the Air Force of \$49,000 for fiscal year 1956, however, no worthwhile estimate of the increase in costs to the Navy and the Marine Corps is possible.

Sincerely yours,

HAROLD E. TALBOTT.

CONSERVATION ACREAGE RESERVE

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to establish a conservation acreage reserve.

The purpose of this bill is to promote conservation and improvement of agricultural soil and water resources, to stabilize farmers' income, to adjust total agricultural production to consumer and export needs, and to maintain an abundant and even flow of farm commodities in interstate commerce.

Mr. President, the bill is aimed at an improved approach to the problem of diverted acres of productive farmland not immediately needed to fulfill the present effective demand for food and fiber, yet acres that must be safeguarded for the future needs of our expanding population.

Just as we wisely maintain adequate safety reserves of food and fiber above the ground to make sure our consumers are protected in case of natural disasters or suddenly expanded consumption needs, we should also wisely take the added precaution of maintaining safety reserves of productive ability below the surface of our soil through sound conservation farming.

Most of us, I am sure, agree that such would be the wisest use of acres diverted from normal use during any year by reason of the operation of acreage allotments and marketing quotas. What this bill proposes is a realistic way of seeking to achieve this objective.

In encouraging farmers to make the fullest and best economic use and conservation of the Nation's soil and water resources, first priority for the use of such resources must be to provide needed food and fiber for the growing population of the Nation.

Next, it is our responsibility to maintain adequate safety reserves of all staple commodities and products. Furthermore, it should be our policy to assure ample production of farm commodities required for all needed exports through normal channels of trade and for augmented exports to relieve starvation, shortages of clothing, and famine in other nations, to promote economic development, and to bolster other United States foreign economic and diplomatic policies.

Under this bill the farm soil and water resources not required to fulfill the foregoing needs would be conserved and handled in a manner to improve their fertility and keep them in readiness to meet unforeseen emergencies as well as long-range normal future needs for increased farm production.

The bill calls for the Secretary of Agriculture to annually determine and proclaim, prior to November 15 of each year, a national conservation acreage reserve for the succeeding crop year. National acreage to be designated in this reserve would be determined by subtracting the total number of acres determined by the Secretary to be needed for the commercial production within the continental United States of sufficient quantities of all agricultural commodities to meet domestic and export needs and to maintain adequate safety reserves to meet emer-

agency needs, from the total of the number of acres determined by the Secretary to have been used for such production during the crop year immediately preceding plus the number of acres which were diverted from their normal use during such year as a result of acreage allotments and marketing quotas.

The conservation reserve acreage would, in turn, be allocated to States and counties in the same ratio as the relationship of each State and county's total previous year's acreage in production to the national totals.

County farmer committees would then allocate the county's total conservation reserve among individual farms in the county on a similar basis.

The Secretary of Agriculture would be authorized to enter into annual agreements with individual farm operators, under which the operator agreed to put into effect on the specified number of acres in the conservation acreage reserve for his farm, such soil and water conservation and improvement uses and practices as the Secretary may specify, for which he would become eligible for payment of a conservation reserve award.

Such incentive payments would be based upon the value of the customary landlord's share in the area where the farm is located, of the commodities which the Secretary determines would be produced on the reserve acres if they were used for commercial production during the crop year for which the contract is made, with a limitation of \$2,000 for such award for any one farm operator's unit.

Farmers would be required to sign contracts for the conservation acreage reserve in order to be eligible for participation in price-support programs.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 1396) to establish a conservation acreage reserve, to promote conservation and improvement of agricultural soil and water resources, to stabilize farmers income, to adjust total agricultural production to consumer and export needs, to maintain an abundant and even flow of farm commodities in interstate commerce, and for other purposes, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

INTEGRITY OF GRADE CERTIFICATES UNDER UNITED STATES GRAIN STANDARDS ACT

Mr. THYE. Mr. President, in the summer of 1953 a subcommittee of the Committee on Agriculture and Forestry, of which I was chairman, conducted hearings in Galveston, Tex., on the disposition of Canadian wheat imported into this country as unfit for human consumption. The testimony there revealed that the "slugging" of ships was a common practice. The elevator operator testified that they ran sample grade wheat into the ship every time the sampler's back was turned; and the evidence showed that they were very suc-

cessful in obtaining No. 2 grade certificates on ships which actually should have graded sample. The operators testified further that they had to do this because they received so many cars that were plugged with low-grade wheat and foreign material, and because "plugging" and "slugging" were so common in the industry that they had to do it to meet competition. I do not believe that the situation is so widespread as their testimony would have us believe; and our subsequent investigations are showing that it probably is not.

I wish to emphasize that even though the witnesses who came before the committee and gave such testimony stated that they had to "slug" ships in order to meet competition at other wharves and other loading points, the main point simply is that we must safeguard ourselves in the future against operations such as the subcommittee discovered and uncovered in its hearings at Galveston. It is for that reason I am introducing a bill today. If the integrity of our grade certificates is to be preserved, so that foreign buyers can rely on them, this situation must be cleaned up.

The men who engaged in these activities were indicted on other grounds, but those indictments were dismissed because, as the Attorney General advises us, of lack of evidence. They were not indicted for the activities I have described, on which apparently plenty of evidence would have been available, because it appears that those activities are not illegal.

I am, therefore, today introducing a bill which would make it a crime punishable by fine and imprisonment for—

First. Any sampler to take samples improperly for inspection under the United States Grain Standards Act;

Second. Any such sampler to accept a bribe for improper performance of his duty;

Third. Any person to attempt to influence any such sampler improperly;

Fourth. Any person to load, handle, or sample grain in a manner designed to cause the issuance of a false grade certificate under that act;

Fifth. Any person to submit for inspection under that act any grain so loaded, handled, or sampled; and

Sixth. Any person to do any other act to cause the issuance of a false grade certificate.

Mr. President, I introduce a bill which covers the questions I have raised, and I ask that it be appropriately referred.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 1400) to protect the integrity of grade certificates under the United States Grain Standards Act, introduced by Mr. THYE, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

AMENDMENT OF FEDERAL EMPLOYEES' COMPENSATION ACT—ADDITIONAL COSPONSOR OF BILL

Mr. SMITH of New Jersey. I ask unanimous consent that on the next printing of S. 1309, a bill to amend the

Federal Employees' Compensation Act to provide for reimbursement of expenditures from the Employees' Compensation Fund by Federal employing agencies, the name of the senior Senator from New Hampshire [Mr. BRIDGES] be added as a cosponsor.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ECONOMIC DISARMAMENT—ADDITIONAL COSPONSORS OF SENATE RESOLUTION 71

Mr. SYMINGTON. Mr. President, on March 8 I made some remarks regarding Senate Resolution 71, dealing with economic disarmament. At that time 44 Senators had indicated their desire to join as cosponsors of the resolution, and their names were read into the RECORD.

Since that time, my colleague, the senior Senator from Missouri [Mr. HENNINGSEN], the Senator from Illinois, [Mr. DOUGLAS], and the Senator from South Carolina [Mr. JOHNSTON], have stated they would also like to join as cosponsors.

Mr. President, I therefore ask unanimous consent to have the names of these Senators placed in the RECORD as cosponsors of Senate Resolution 71.

The PRESIDENT pro tempore. Without objection it is so ordered.

TAX RATE EXTENSION ACT OF 1955—AMENDMENTS

Mr. YOUNG submitted amendments, intended to be proposed by him to the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption, which were ordered to lie on the table and be printed.

Mr. JOHNSON of Texas (for himself, Mr. KERR, Mr. FREAR, Mr. LONG, Mr. SMATHERS, and Mr. BARKLEY) submitted amendments intended to be proposed by them, jointly, to House bill 4259, supra, which were ordered to lie on the table, and to be printed.

PROPOSED AMENDMENT TO REQUIRE CONGRESSIONAL APPROVAL OF RECIPROCAL TRADE AGREEMENTS

Mr. O'MAHONEY. Mr. President, I rise to submit an amendment to H. R. 1, the bill to extend the Reciprocal Trade Agreements Act. I do this in the belief that the Congress should not abdicate its constitutional powers over international trade agreements. I am submitting this amendment to provide that no trade agreement shall become effective until it has been approved by a majority of both Houses of Congress. The Reciprocal Trade Agreements Act, no one can doubt, is a delegation of congressional powers to the executive branch of the Government. Under it the State Department fixes the tariff rates which under the Constitution is the duty and responsibility of the Congress.

The legislative arm of the Government recognizes this, and for that reason has

never been willing to make the delegation of authority to the President except for a few years at a time. It is even proposed now to cut the period of delegation from 3 years, as provided by the House, to only 2 years or perhaps 1 in order to appease high protectionists in the Republican party who are also reluctant to surrender their powers.

It is said that the President can be trusted to use these powers wisely. The wisdom and ability of the President is not the issue of our time. The issue is whether the representatives of the people will retain and exercise the responsibility imposed upon them by the Constitution or whether they are willing to trust the fate of the people's trade and commerce to the decision of anonymous experts in the Department of State. The President does not have the time to work out the details of these trade agreements. He has even less time than the Congress would have. His aids and assistants in the White House and in the State Department are subject to exactly the same pressures to which Members of Congress are subject. It is much better to conduct the public business in the public eye so that the people can watch the pressure of special interests upon their Representatives and Senators than to allow these pressures to be concealed behind the doors of the State Department and the White House offices.

As long ago as April 4, 1940 this amendment of mine failed of adoption by only 6 votes; the rollcall vote was 38 to 44. That vote was taken in time of peace, for we had not yet been drawn into World War II. The vote this year will be taken during the "cold war" which may at any moment turn into a "hot war." Nobody in the executive arm of the Government or in the Congress can tell now what position any nation will assume if we should have a "hot war."

We cannot now judge the position of even the friendly nations of Europe and Asia if the Red Chinese should attack Quemoy and Matsu. Clearly, therefore, this is no time for Congress to surrender its constitutional power over the trade agreements which will be authorized by the extension of the Reciprocal Trade Agreements Act.

I support the extension of the act, but I oppose the complete abdication of the constitutional powers of the Congress.

The contest of our time is between totalitarian government by executive authority and democratic government by the representatives of the people. I am offering this amendment to require the submission of trade agreements to the Congress in order to preserve democratic government by the people at a time when its existence is seriously threatened by the advances of executive power all over the world, and in the United States itself.

The PRESIDENT pro tempore. The amendment will be received, printed, and will lie on the table.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc.,

were ordered to be printed in the RECORD, as follows:

By Mr. BYRD:

Address delivered by Senator ERVIN at the Jefferson-Jackson Day Dinner held at Richmond, Va., on March 4, 1955.

By Mr. WELKER:

Statement relating to safety and labor-management relations at Morrison-Knudson Co., Inc., Boise, Idaho, published in the *Em-Kayan* for March 1955.

By Mr. WILEY:

Article from New York Times of March 1, 1955, relating to awards in Westinghouse Annual Science Talent Search.

NOTICE OF HEARINGS ON SUNDRY NOMINATIONS IN THE FOREIGN SERVICE

The PRESIDENT pro tempore. As a Senator and chairman of the Committee on Foreign Relations, the Chair desires to say that the Senate received today a list of 201 names of persons for appointment and promotion in the Foreign Service of the United States, including consular and/or diplomatic designations for Career and Staff Officers. Notice is hereby given that these nominations will be considered by the Committee on Foreign Relations at the expiration of 6 days, in accordance with the committee rule. The list appears elsewhere in the Senate proceedings of today.

NOTICE CONCERNING CERTAIN NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. KILGORE. Mr. President, the following nominations have been referred to, and are now pending before, the Committee on the Judiciary:

Warren L. Jones, of Florida, to be United States circuit judge, fifth circuit, vice Louie W. Strum, deceased.

John Stephens Wood, of Georgia, to be a member of the Subversive Activities Control Board for the term of 3 years expiring March 4, 1958, vice Watson B. Miller, term expired.

Notice is hereby given to all persons interested in these nominations to file with the committee on or before Thursday, March 17, 1955, any representations or objections in writing they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearings which may be scheduled.

NOTICE OF MEETING OF CONGRESSIONAL GROUP OF INTERPARLIAMENTARY UNION

Mr. ROBERTSON. Mr. President, for the benefit of the Members of the Senate who are interested in the Interparliamentary Union, I desire to announce that a meeting will be held of the congressional group of the Interparliamentary Union in the old Supreme Court Chamber on Tuesday, March 15, at 10 a. m.

CONGRESSIONAL COMMITTEE ON CIVIL DEFENSE

Mr. HUMPHREY. Mr. President, I wish to bring to the attention of the Sen-

ate a recent news item from the February, 1955, issue of the Washington Municipal News, published by the American Municipal Association. The American Municipal Association represents 12,000 municipalities, in 44 States. The article expresses the support of that association for Senate Concurrent Resolution 11, submitted by the Senator from Missouri [Mr. SYMINGTON] and myself, to establish a permanent Congressional Committee on Civil Defense. It is a pleasure for me to announce that the resolution was endorsed by the executive committee of the association, at its recent meeting. I welcome the support of the American Municipal Association in this effort to help the Congress face its civil defense responsibilities. I believe the adoption of such a measure is long overdue.

I also take this opportunity to express my hope that the Senate Armed Services Committee will soon see fit to have hearings on my resolution, so we can move closer to the goal of establishing such a joint committee as the one we propose. No committee of either House has for its primary responsibility the subject of civil defense. Unless this is changed, and such a joint committee established, it is doubtful whether the Congress will ever be in a position to give civil defense the consideration and strong support that the safety and security of the Nation requires. Recent disclosures regarding the deadly effects of radio-active fall-outs only serve to heighten and reinforce the necessity for civil defense for the United States.

UNITED STATES INVOLVEMENT IN THE QUEMOY AND MATSU ISLANDS

Mr. LEHMAN. Mr. President, there was published in this morning's Washington Post and Times Herald a very interesting and informative editorial entitled "As Clear as Mud," which discussed the involvement of the United States in the Quemoy and Matsu Islands.

I ask unanimous consent to have the editorial printed in the body of the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AS CLEAR AS MUD

Is the administration preparing to write off any American involvement in the Quemoy and Matsu islands? This question is invited by Secretary Dulles' speech and by various other contemporary pronouncements. Mr. Dulles, to be sure, made no specific mention of the coastal islands, and the purport of his remarks was to emphasize the American determination to protect Formosa and to warn the Communists against thinking that the United States is a "paper tiger." But in one interesting passage Mr. Dulles observed: "How to implement this flexible defense of Formosa the President will decide, in the light of his judgment as to the overall value of certain coastal positions to the defense of Formosa, and the cost of holding these positions."

Does this mean that the administration is leery of the feasibility of holding the Quemoy and Matsus in the face of a concentrated artillery barrage? Senators report that Mr. Dulles himself has mentioned a new military appraisal. Defense Secretary Wilson said on Tuesday that loss of the Quemoy and Matsus, although a handicap,

would not make much difference in the long-run defense of Formosa. An unidentified top United States military leader, who presumably had access to the discussions at Taipei, has been quoted as saying in Tokyo that the importance of the islands could be more psychological than military, and as feeling that there would not be much reaction in the Far East if the coastal positions were abandoned. Senator KNOWLAND to the contrary, all these statements may add up to a straw in the wind.

Possibly such an inference is too sweeping. It is a logical outgrowth, however, of the deliberately vague line pursued by Mr. Dulles, in which he hopes to appear resolute on the defense of Formosa and obscure about the perimeter. Mr. Dulles was more precise in other portions of his report on his visit to Southeast Asia. He was encouraging, for example, in his exposition of the threefold aim of SEATO to protect the area against overt aggression, to enable it to prevent subversion and to strengthen it economically—although the economic point would be more convincing if the administration would give some concrete backing to the Secretary's words. It is another question whether the Communist Chinese, who do not think in western terms, will be deterred by Mr. Dulles' warning that the United States and its allies would use tactical atomic weapons in the event the Chinese engaged in open armed aggression in Southeast Asia.

Despite the cold reception of Mr. Dulles' hints about the desirability of linking SEATO with the Formosa and Korea treaties, there has been reason to think that a basic understanding exists between Britain and the United States on policy respecting Formosa. It may even be suspected that some of the speeches in Britain about the danger in the Quemoy and Matsus have been for internal consumption, much as Mr. Dulles sometimes plays to a certain audience on Capitol Hill. But if the administration is now preparing a change toward the Quemoy and Matsus, the result can hardly be other than to cause more confusion, with the American people the most confused of all.

Undoubtedly there is a point beyond which further concessions would be excessively damaging to American prestige and to the determination in the Far East to resist Communist expansion. Would an abandonment of the Quemoy and Matsus now be excessively damaging, and would it increase any illusion in Peking that the United States is a "paper tiger"? This newspaper does not know. Certainly such a move at this time would be more damaging than if it had been included in the effort to draw a clear line for the defense of Formosa. This is part of the price the administration would have to pay for taking what all along has seemed to be an untenable position. No one can envy the administration in this predicament, especially since the general purpose of the revised policy in the Far East is so constructive. But if an abandonment is in the works, assuredly it would be less disruptive to effect it now than to wait until Communist bombardment forced the issue under fire.

FORTY-THIRD ANNIVERSARY OF GIRL SCOUTING IN THE UNITED STATES

Mr. LEHMAN. Mr. President, this week marks the 43d anniversary of girl scouting in the United States. I offer my hearty congratulations to this great organization and its members, and express the hope that it will continue to grow in scope and in influence.

The theme of the 1955 observance is "Believe—Belong—Build." This slogan describes the philosophy and the ideals of the organization which has for 43

years encouraged Girl Scouts to develop the resourcefulness which is so valuable an American trait and which has played so large a part in the march to world influence.

There are now about 1,750,000 girls enrolled in the Girl Scouts of the United States of America. They are guided and helped by more than half a million devoted men and women who are registered members, and countless thousands more who work with and for the Girl Scouts. Some 10 million women have enjoyed scout experience; and since the organization was set up with a group of neighborhood girls 43 years ago, it has grown from a small, personalized movement to a nationwide influence for better citizenship among girls and women—truly the "growing force for freedom of which its founder dreamed."

I think we may all take great pride in the achievements of this fine organization and seek in every way within our power to strengthen it to live up to the ideals of its founders and its present members. I wish it continued full measure of success.

JAMES WESLEY REARDEN—83 YEARS ON ONE JOB

Mr. JOHNSTON of South Carolina. Mr. President, being thoroughly familiar with the working conditions in cotton mills in South Carolina and other States, I was amazed to learn of a man who had spent 83 years at this kind of work. Like Mr. Rearden, I started to work in South Carolina cotton mills at the age of 11. Although this young man of 94 years has had a great deal more experience than I have had at this type of work, I am sure we would have a lot to reminisce about.

I think he would agree with me that many changes have taken place and that working conditions have improved immeasurably since he began his career at the age of 11.

I congratulate Mr. Rearden on his outstanding record and say that I hope he adds many more years to that already amazing total.

I shall now quote from the article published in the Washington Post and Times Herald of March 6, 1955:

This will be quite a year for James Wesley Rearden, a leading citizen of this little mill community nestled in the rolling hills of upper Horse Creek Valley near Aiken. On June 6 he'll celebrate his 94th birthday. On May 10, he'll round out 83 years of work with the Graniteville Co., a group of modern cotton mills.

And that makes Mr. Rearden the holder of the longest continuous industrial work record in the world. In the office of the president of the Graniteville Co. hang five portraits. Four are those of presidents of the firm. The fifth is that of the shipping clerk to whom the firm long has paid tribute for "always doing a little more than is expected of him."

The remarkable Mr. Rearden has a standing offer from the Graniteville Co. to retire any time he wants to or report for work any hour of the day he chooses. But he's regularly among the first on the job, walking the short distance from his white frame home (not far from the plant gates) to his office. He treats himself to a short rest period after lunch every day, but otherwise puts in full time.

A retirement system was adopted by Graniteville in 1949 for employees reaching 65, but Mr. Rearden—then 88—had been told long before that he could work as long as he cared to. So he's doing just that. "As long as they'll let me," he says, "I'm going to show up for work each morning. I like the people I work for and I'd feel lost without something to do."

That "something to do" for the past 35 years has included teaching the young men's Bible class at St. John's Methodist Church in Graniteville, where he has been a member 70 years and has sung in the choir almost that long.

Mr. Rearden won his longest-work-record title fair and square. In 1950, the Thomas De La Rue Co., Ltd., printers and engravers, of London, challenged the United States to produce a man with a longer continuous work record than their Harry Adkins, a 75-year man. The Rearden record, supplied through the National Association of Manufacturers, showed that he topped Adkins by 3 years.

HE STARTED AT 10

He began work for Graniteville on May 10, 1872. He was nearly 11 then, but—as he recalls—"big for his age." That was the only reason he was able to get a job in the plant: every child under 13 was supposed to be in school. Mr. Rearden's first job was "tack boy," his only tools a needle and thread plus a shoe knife for cutting thread to tack cloth.

Mr. Rearden still remembers the company's founder, William Gregg, who started the mill in 1845. It is the oldest cotton mill in the South operating under its original charter. As for Mr. Rearden, he feels the same about his job today as in 1947, when the company honored him on his 75th consecutive work year.

Said he then: "If I had to make the choice again, it would be the same as it was in 1872."

May this man live many more years and continue at his employment is my wish.

CALL OF THE ROLL

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum. The PRESIDENT pro tempore. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McClellan
Allott	George	McNamara
Anderson	Goldwater	Millikin
Barkley	Gore	Morse
Barrett	Green	Mundt
Beall	Hayden	Murray
Bender	Hennings	Neely
Bennett	Hickenlooper	Neuberger
Bible	Hill	O'Mahoney
Bricker	Holland	Pastore
Bridges	Hruska	Payne
Bush	Humphrey	Purtell
Butler	Ives	Robertson
Byrd	Jackson	Saltinostall
Capehart	Johnson, Tex.	Schoeppel
Carlson	Johnston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kerr	Smith, N. J.
Chavez	Kilgore	Sparkman
Clements	Knowland	Stennis
Cotton	Kuchel	Symington
Curtis	Langer	Thurmond
Daniel	Lehman	Thye
Dirksen	Long	Watkins
Douglas	Magnuson	Welker
Duff	Malone	Williams
Dworshak	Mansfield	Wiley
Ellender	Martin, Iowa	Young
Ervin	Martin, Pa.	
Frear	McCarthy	

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND] and the Senator from Oklahoma [Mr.

MONRONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

The Senator from Georgia [Mr. RUSSELL] is absent because of a death in his family.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. FLANDERS], and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Maine [Mrs. SMITH] is absent by leave of the Senate.

The Senator from Michigan [Mr. PORTER] is absent because of illness.

The PRESIDENT pro tempore. A quorum is present.

THE 191ST ANNIVERSARY OF THE FOUNDING OF THE CITY OF ST. LOUIS, MO.

Mr. SYMINGTON. Mr. President, on the 15th day of January the great city of St. Louis celebrated its 191st birthday.

I wish to express my appreciation for the very thoughtful statement made on the floor of the Senate by my colleague, the senior Senator from Missouri [Mr. HENNINGS] regarding this significant occasion. Likewise, I wish to congratulate Mayor Tucker and the St. Louis Council on World Affairs for their successful efforts in commemorating this most recent milestone in the progress of St. Louis.

All the other great cities in this country of freedom can look at St. Louis with envy, and emulate it to their advantage. It is not only a center of business, cultural, and religious progress, but also a center of democratic principles.

DR. J. ROBERT OPPENHEIMER AND ACADEMIC FREEDOM

Mr. NEUBERGER. Mr. President, I am proud of the State which I have the honor in part to represent in this body.

Under pressure and coercion, the University of Washington recently canceled a series of scheduled speeches by Dr. J. Robert Oppenheimer, the distinguished scientist.

Disregarding pressure, the Oregon State System of Higher Education refused to cancel scheduled appearances by Dr. Oppenheimer at Oregon State College, at the University of Oregon, and at Portland State College.

The man most responsible for this courageous decision in Oregon is Dr. Charles D. Byrne, who is just concluding a distinguished career as our chancellor of higher education. Said Dr. Byrne, with reference to Dr. Oppenheimer's recent controversy with the Atomic Energy Commission:

Dr. Oppenheimer is one of the world's most distinguished physicists. No evidence of disloyalty or impairment of his scientific standing came out of the investigation.

The St. Louis Post-Dispatch had this to say about Dr. Byrne's defense of free speech and opinion:

The people of Oregon can take genuine satisfaction in this stand against hysteria on college campuses.

The Oregonian, largest daily paper in my State, editorialized:

The Oregon State System of Higher Education emerges from the latest Oppenheimer imbroglio with much better marks than the University of Washington.

In an editorial commending the distinguished scientist, the Oregon Journal said:

To muffle him smacks of persecution. The Oregon board's decision comes at a time when academic freedom needs strong friends. It does credit to the State.

In my opinion, Mr. President, Dr. Byrne has made the proper decision. Defenders of free speech everywhere in America will rally to his cause.

I do not know Dr. Oppenheimer. I am sure I would not necessarily agree with all—or even many—of Dr. Oppenheimer's views. But when pressure can bring about cancellation of the lecture of an eminent scientist, then every American has lost a little bit of his freedom. It is part of being American to have the privilege of hearing whom we wish, and then rejecting or accepting the doctrine offered, as we best see fit.

It is significant that two noted editors who recently visited Oregon—Irrving Dilliard of the St. Louis Post-Dispatch and Palmer Hoyt of the Denver Post—both expressed to the annual meeting of Oregon newspaper publishers their support for Dr. Byrne's faith in the ultimate wisdom of the people. Both of these distinguished publicists spoke out boldly for free speech.

Newspaper editors of the calibre of these men realize that freedom of the press is dependent upon our other basic freedoms. If free speech can be denied, a free press is in peril. In our land of liberty, one freedom cannot be separated from others. Freedom is indivisible. If a threat can shut off a college forum to a scientist, then similar—or perhaps sterner—threats might someday take away an editor's right to comment on such denials of our basic liberties.

As a Senator from Oregon, I take pride in the courage of Dr. Byrne and his associates in the State system of higher education. They have shown themselves dedicated to the finest traditions of our country—the traditions in support of free speech, academic freedom and the unfettered exchange of ideas. The State of Oregon gains through contrast with the timidity of an official of her sister State to the north.

In my opinion, the courageous decision of Dr. Byrne—and in this stand he had the support of Oregon's board of higher education—is of the first order of importance because of its favorable impact on academic freedom in my State. Academic freedom, although not specifically mentioned in the Bill of Rights, is at the root of other basic liberties. It is the freedom of the teacher to teach and of the student to learn. It presupposes the fact that our teaching profession is an honorable one, and that teachers should not be subjected to intimidation or to coercion.

If a learned scientist can be denied access to a college lectern because of the political controversy surrounding him, then a subtle but nevertheless sinister pressure has been applied to every teach-

er on that campus. He ceases to venture into controversial issues. He becomes a conformist. While this may seem desirable to us in a period of tension, it is disastrous for learning and for knowledge in the long run.

We must remember that human slavery, our subjection to British tyranny, the establishment of the first forest reserves, women's suffrage, the direct election of United States Senators by the people, the curtailment of child labor—all of these were controversial subjects in their day and time. What if teachers in other periods and a different era had feared to discuss such momentous matters with their students?

Mr. President, I believe that Dr. Charles D. Byrne, Oregon's chancellor of higher education, has struck a blow for academic freedom in Oregon and in the Nation, which will be to his everlasting credit.

To Dr. Byrne, upon the eve of his retirement from active management of Oregon's public colleges, I say: Godspeed and good fortune to you, sir. In refusing to run down the flag of freedom, you have upheld the principles of our third President—Thomas Jefferson—who founded the University of Virginia, who wrote the immortal document confirming our separation from European tyranny and who defended the right of every shade of opinion and viewpoint to be heard throughout the land.

Mr. President, I ask unanimous consent to include with my remarks an editorial on the Oppenheimer situation in the Northwest from the Portland Oregonian of February 19, 1955; an editorial on the same subject from the St. Louis Post-Dispatch of February 22, 1955; and news items on this topic from the Oregonian of February 16, 1955; of February 18, 1955; and February 19, 1955, and an editorial on this topic from the Oregon Journal of February 25, 1955.

There being no objection, the articles and editorials were ordered to be printed in the RECORD, as follows:

[From the Portland Oregonian of February 19, 1955]

SEATTLE'S LOSS OREGON'S GAIN

The Oregon State system of higher education emerges from the latest Oppenheimer imbroglio with much better marks than the University of Washington. The president of the latter institution canceled a lecture series that would have brought Dr. J. Robert Oppenheimer to the Seattle campus. Chancellor Charles D. Byrne promptly announced that there was no question of similar action with regard to Dr. Oppenheimer's scheduled appearances this spring at the University of Oregon, Oregon State College and Portland State College.

The action of the U. of W. president, Dr. Henry Schmitz, is incomprehensible to us. Apparently it is so on the Washington campus as well, for representatives of student organizations voted 47 to 0 to ask reconsideration of the ban; and faculty criticism of Dr. Schmitz' arbitrary decision has been bold. The university president's explanation that his action has no bearing on academic freedom, on Dr. Oppenheimer's capabilities as a physicist or on the latter's right to express his viewpoint is no help to understanding.

Dr. Oppenheimer is a respected scientist whose counsel is sought by other scientists. His complete loyalty to his country was attested by the members of the Atomic Energy

Commission in the statement setting forth their decision to deny Dr. Oppenheimer access to classified documents because of past association with Communists. Following this action, he was retained by unanimous vote of the board of directors as director of the Princeton (N. J.) Institute for Advanced Study, an endowed organization with the simple purpose of promoting free inquiry in all fields of learning.

We assumed that all university presidents subscribed to the high purpose of the Princeton Institute; but Dr. Schmitz apparently has his reservations. The University of Washington will thus miss what Oregon schools will gain in Dr. Oppenheimer's appearances in April and May.

[From the St. Louis Post-Dispatch of February 22, 1955]

GOOD FOR OREGON

Just now the University of Oregon and the University of Washington—the State universities of the two neighbor States in the Pacific Northwest—present a notable contrast. The contrast is all to the credit of Oregon and an unhappy one for Washington.

Both institutions scheduled Dr. J. Robert Oppenheimer for a series of lectures this spring. Under pressure, the University of Washington canceled the noted scientist's visit to the Seattle campus. But the Oregon State Board of Education, in a statement strongly supported at Eugene, seat of the University of Oregon, stood steadfastly by the Oppenheimer lecture dates at the State University, Oregon State College, and Portland State College.

Chancellor Charles D. Byrne said all that needed to be said: "Dr. Oppenheimer is one of the world's most distinguished physicists. No evidence of disloyalty or impairment of his scientific standing came out of the investigation." The people of Oregon can take genuine satisfaction in this stand against hysteria on college campuses.

[From the Portland Oregonian of February 16, 1955]

OREGON HOLDS TO PLANS FOR OPPENHEIMER TALKS

Dr. Robert J. Oppenheimer, whose scientific lecture series at University of Washington was canceled by the university's president Monday, will appear on three Oregon campuses in April and May, as announced earlier, officials of the State system of higher education said.

There is not and has not been any question of canceling the invitation to Dr. Oppenheimer to come to Oregon as the Condon lecturer, Chancellor Charles D. Byrne said Tuesday.

"Dr. Oppenheimer was chosen in March of 1954 by the State system's Condon lecture series committee to give the annual scientific lecture series at three campus locations, the university, Oregon State College, and Portland State. His selection was endorsed unanimously and with enthusiasm by the executives and physical scientists of the three campuses because of the fact that he is one of the world's most distinguished physicists, and presently director of the Institute for Advanced Study at Princeton University.

"He will appear in late April and early May, giving two lectures on each campus on 'Composition of Matter.' The outcome of previous investigations will have no bearing on his appearance because he was chosen prior to the investigations and because there was no evidence of disloyalty or impairment of his scientific standing that came out of the investigation."

Withdrawal by President Eisenhower and the Atomic Energy Commission of Dr. Oppenheimer's security clearance brought worldwide controversy last spring. Presi-

dent Henry Schmitz of University of Washington Monday was reported to have refused to allow the school's physics department to present the atomic physicist as the Walker-Ames lecturer on the campus.

The Condon lectures were established by the State board of higher education in 1944 in memory of Dr. Thomas C. Condon, first professor of geology at the university.

The physicist will be at the University of Oregon April 19-21, at Oregon State April 26-28 and in Portland May 3-4.

[From the Portland Oregonian of February 18, 1955]

SNUB OF DR. OPPENHEIMER STIRS PROTEST AT U. OF W.

SEATTLE.—Four hundred students and some faculty members voiced objection in a mass meeting Thursday to a decision by the president of the University of Washington not to invite Dr. J. Robert Oppenheimer to appear as a lecturer on the campus.

Prior to the meeting at which it was decided to march on Olympia and carry the protest to the legislature—some individuals had hanged in effigy Dr. Henry Schmitz, the president, on the campus quadrangle.

MARCH SET FOR FRIDAY

The effigy was removed quickly and a university spokesman said no disciplinary action was contemplated.

The march to Olympia was set for Friday morning although final plans were not immediately completed. A few of those present objected to the Olympia jaunt on the ground the matter was a university affair not related to the legislature.

The group also voted to ask Dr. Schmitz to address the student body on the matter. Dr. Schmitz has declined to discuss his refusal to invite Dr. Oppenheimer to the campus beyond saying his decision was made after long and careful study of his (Oppenheimer's) governmental relationship.

DR. SCHMITZ STANDS PAT

He has said he will not reconsider the decision despite a storm of protest from faculty and students. A full page of letters in opposition to the decision appeared in Thursday's University Daily.

Among faculty members criticizing Dr. Schmitz was Dr. Edwin A. Uehling, acting director of the university's physics department. Dr. Uehling said the decision was most unfortunate and "told the world and ourselves that we do not seek to become a great university."

[From the Portland Oregonian of February 19, 1955]

EDITOR HAILS OREGON VIEW

UNIVERSITY OF OREGON, EUGENE.—Oregon's State board of higher education was congratulated here Friday by Irving Dilliard, editor of the editorial page of the St. Louis Post-Dispatch, for its stand on the current controversy over whether Dr. J. Robert Oppenheimer would be invited to speak at universities and colleges.

Dilliard praised the board in a talk to some 250 newspaper people throughout the State who are here attending the 36th annual Oregon press conference.

The board is to be congratulated for not being swept off its feet in the hysteria, the Erick W. Allen memorial lecturer said. The board has stuck to its guns in inviting the scientist here and at Oregon State and Portland State colleges, despite the refusal to do so by the president of the University of Washington.

Alton Baker, Sr., publisher of the Eugene Register-Guard, was given the Amos E. Voorhies award for distinguished community service.

The award was made at a dinner meeting of the Oregon press conference, addressed by

Palmer Hoyt, editor and publisher of the Denver Post, who spoke on the role of a newspaper as a community servant.

POLICY REVERSES LOSSES

Hoyt said, "I have found that a newspaper's reputation for fairness is not seriously impaired by what it says editorially as to the issues of the day, if only it presents both sides in its news columns."

The one-time publisher of The Oregonian who went to the Denver Post 8 years ago recalled:

"I remember in the old days at The Oregonian when with a total of only 80,000 daily circulation, we managed to lose 1,000 subscribers a month every time we had an election. But by reversing our policy and presenting both sides, we discovered that elections were the greatest gain periods."

He answered often heard criticism by saying:

"A newspaper is not only a bulletin board of information for its public, but is also a mirror of life and should reflect the current goings on in its community, its State and its nation."

"The reflection that a newspaper must make as a mirror of a life is to report crime news, sex, bank robberies, divorce and juvenile delinquency in a true proportion to the actual flow of our life. That is important. Unless we know what is going on, how may we correct it? My answer to people who say 'you print too much crime news' is that there is too much crime in our city and our State."

[From the Oregon Journal of February 25, 1955]

STRONG BLOW FOR ACADEMIC FREEDOM

The issue of academic freedom in higher education has presented itself in both Oregon and Washington recently in a way which permits a clear comparison. Oregon, we believe, comes out the better.

President Henry Schmitz of the University of Washington has refused to invite Dr. J. Robert Oppenheimer, physicist and key figure in an Atomic Energy Commission controversy over security, to lecture on the campus. The refusal has resulted in a storm of protest.

At the same time the Oregon State Board of Higher Education has ruled in favor of permitting Dr. Oppenheimer to fill commitments at several institutions here. The action drew the praise of Irving Dilliard, editor of the editorial page of the St. Louis Post-Dispatch, speaker at the annual Oregon press conference at Eugene, who said board members "are to be congratulated for not being swept off their feet in the hysteria."

President Schmitz unquestionably remembers the ruckus over Reds on the faculty which rocked the Washington campus several years ago and is particularly sensitive. Nevertheless, we believe his ruling hurts the school's standing in the academic world.

In the AEC decision which barred Dr. Oppenheimer from further participation in the atomic-energy program, his loyalty was not questioned. None can question, either, his greatness as a scientist. He is now the distinguished director of the Institute for Advanced Study at Princeton, N. J.

His lectures here will be on noncontroversial subjects. To muffle him smacks of persecution. The Oregon board's decision comes at a time when academic freedom needs strong friends. It does credit to the State.

ADDRESS BY HON. JOHN FOSTER DULLES, SECRETARY OF STATE

Mr. SMITH of New Jersey. Mr. President, on Tuesday, March 8, Mr. John Foster Dulles, Secretary of State, delivered an address in the nature of a report

to the Nation concerning his recent trip to the Far East. This report is of such significance and has such an important bearing on our foreign policy that I ask unanimous consent that it may be printed in the body of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY THE HONORABLE JOHN FOSTER DULLES, SECRETARY OF STATE

REPORT FROM ASIA

I

I return from 2 weeks in southeast Asia and the West Pacific. I visited the forward positions against which the waves of communism are beating and where the issues of war and peace, of freedom and captivity, hang in precarious balance. There a gallant band of independent and freedom-loving nations stand between 600 million Communist-dominated Chinese and the broad reaches of the Pacific Ocean.

I visited 7 Asian and Pacific countries, and met with the Foreign Ministers of 3 others. I saw Bangkok and Rangoon with their splendid monuments of ancient civilizations. I visited simple agricultural countries such as Laos, where the landing of our plane had to be delayed until water buffalo were driven from the runway.

Everywhere I found ominous evidence of the Communist efforts to terrorize, to beguile, to subvert. But also I found the passionate desire of the free peoples to remain free.

That desire will not prevail unless those who love liberty unite to help each other. So, the United States, acting within the framework of the United Nations Charter, has joined in mutual security treaties which cover the freedom-loving countries of Korea, Japan, Formosa, the Philippines, South Vietnam, Laos, Cambodia, Thailand, Malaya, Pakistan, Australia, and New Zealand.

One of these treaties, the eight-nation Manila Pact for southeast Asia, has just come into force, and I went to Bangkok for the first meeting of the Treaty's Council.

It was fitting that this first meeting should have been held in the capital of Thailand, for the word "Thailand" means "land of the free." Also it dramatized the new role of Asia when, for the first time in history, a Foreign Secretary of the United Kingdom and a Secretary of State of the United States traveled half way around the world to come to Thailand.

The Manila Pact has three main purposes: first, defense against open armed aggression; second, defense against subversion; and third, the improvement of economic and social conditions.

II

For military defense we shall rely largely upon mobile Allied power which can strike an aggressor wherever the occasion may demand. That capacity will, we believe, deter aggression. We shall not need to build up large static forces at all points and the United States contribution will be primarily in terms of sea and air power.

I pointed out at Bangkok that, for military purposes, the Chinese Communist front should be regarded as an entirety because if the Chinese Communists engage in open armed aggression this would probably mean that they have decided on general war in Asia. They would then have to take into account the mutual defense treaties of the United States with the Republic of Korea and the Republic of China, and the forces maintained under them. Thus general war would confront the Chinese Communists with tasks at the south, center, and north, tasks which would strain their inadequate means of transportation.

The Allied nations possess together plenty of power in the area. The United States in particular has sea and air forces now equipped with new and powerful weapons of precision, which can utterly destroy military targets without endangering unrelated civilian centers.

Our treaty council, after appraising the military factors, concluded that the available military power offered solid hope of deterring open armed aggression against the treaty area.

In order to bring our power to a concerted pitch, our military advisers at Bangkok started their work together. It is expected that another military meeting will be held at Manila next month. In this way information will be exchanged about the forces which could be made available, and strategies can be agreed upon. Also out of these meetings may come plans for combined military exercises.

III

Then we took up the problem of subversion. At the moment, it is perhaps the greatest danger to the area. This danger will, I think, be diminished as it is better understood that the treaty nations have the power, and the will, to strike down an open armed aggressor.

To illustrate this connection between direct and indirect aggression I may mention the situation in Laos. In two of its Provinces there are disloyal elements, supported by the Chinese and Viet Minh Communists. The Laos Government is seeking to reestablish control over its own territory. But it is worried lest, if it suppresses the Communists within, it will be struck by the Communists from without. I hope that that worry is now allayed by their better understanding of the protective nature of the Manila Pact.

In other countries also, active subversion is being promoted from without. To deal with this is in each case primarily the responsibility of the governments concerned. However, often the nations can help each other by exchanging information, for example, about the movements and activities of international Communist agitators. Also, those who have dealt successfully with this problem can give advice which will help others of lesser experience. The Philippine delegation did this at Bangkok. They told how their Government had dealt decisively with Communist-inspired revolt of the so-called Hukos.

It was agreed there would be meetings of experts to facilitate exchanges of views about these problems of subversion.

IV

Also at Bangkok we dealt with the third treaty task, that of improving economic and social conditions. This problem divides itself into two parts. First is the problem of meeting the cost of more effective security forces.

As I have said, the Council is not trying to build up vast new military establishments. But there is need of modest national forces which are well equipped and loyal, which can support the authority of the government throughout its territory and fight initial defensive actions if there should be attack from without.

Even these limited forces involve an economic burden which some of the countries cannot carry without help. So, the strong will help the weak by providing some military equipment and financial support. Funds for that have been voted by the Congress for the current fiscal year and the administration is asking for a renewal of funds for this purpose for the coming fiscal year. Thus there will be special recognition of those countries which assume military obligations with us.

A second phase of the economic problem is general improvement of economic conditions in the area. This calls for capital developments. Industrialization should be speeded.

There should be better roads, more irrigation works and improved port facilities. There is particular need for a larger exchange of goods and services as between the countries of south and southeast Asia and the western Pacific. Japan, with its large capacity for industrial production, and its need for food and raw materials, is an important element in this situation.

This problem of economic improvement goes beyond the immediate treaty area. The treaty area is not and never can be a self-contained economic unit. The great bulk of its trade is with outside areas. There is need for programs to develop broadly the economic possibilities of all the free Asian countries. The treaty nations will study their problems from this viewpoint.

At the Bangkok Conference, I took occasion to reemphasize President Eisenhower's desire that atomic energy should be used to benefit mankind and to enrich the life of the great masses of humanity. We are not satisfied to see atomic missiles becoming conventional for war while vast possibilities for peaceful betterment are still undeveloped. I described our programs for education in this field, and I extended a special invitation to the Manila Pact nations to send representatives to the United States so that they could begin to study the good uses to which atomic energy may be put. There will, I believe, be a welcome response to this invitation.

V

The Manila Pact represents not only enlightened self-interest, but also high ideals. These are expressed in the Pacific Charter, a document inspired by President Magasaysay which was signed with the Manila Pact. That charter deals with political independence and economic progress and social well-being.

Three of the Asian parties to the Pacific Charter—Pakistan, the Philippines and Thailand—may shortly be meeting with other Asian countries at a so-called Afro-Asian Conference. So our Conference at Bangkok sent a message of cordial greeting to this Afro-Asian Conference, and we expressed the hope that it will support and reinforce the ideals so nobly expressed in the Pacific Charter.

In the sound ways I outline, the Manila Pact was made an effective going concern. The way of the aggressor has been made harder.

VI

After the close of the Bangkok Conference, I went to Rangoon, where I met with the leaders of Burma.

Burma is one of the countries which has newly won its independence, and the Government and the people of that country are determined to maintain it. They feel that they can best do so by avoiding regional security groupings. I know that all of the American people hope that their policy will succeed. Burma's evolution to independence had the strong moral support of our Nation, and we want to see that independence preserved.

I talked fully and freely with the President of Burma and with the Prime Minister, U Nu, and with other members of the Government. In this way we each came to a better understanding of the policies of the other. That was worth while. As between free nations, there is never the need of total agreement, but there is always the need of mutual respect.

VII

After Burma, I went to Laos, Cambodia, and Free Vietnam. These three nations are not themselves members of the Manila Pact, but their territories are covered by the Manila Pact. In each of these countries, I found leaders of great ability and of patriotic dedication to the independence of their country. Also, they well realize the danger to their independence that comes from sub-

version inspired by international communism.

I have already spoken of the task, in Laos, of suppressing subversion in two Provinces.

In Cambodia, the King—now ex-King—is passionately patriotic. His recent abdication was, I believe, due to a desire to find better ways to help his people to preserve the freedom he so ardently seeks for them.

The greatest problems confront the Free Government of Vietnam. It has the task of developing an efficient government of its own in substitution for French rule. This task, difficult enough under any conditions, is now complicated by three abnormal problems.

There is the problem of absorbing and resettling the refugees from the north. As always, when international communism moves in, those who love liberty move out, if they can. So far, about 600,000 persons have fled from northern Vietnam, and before the exodus is over, the number of refugees will probably approach 1 million. It is not easy for southern Vietnam to absorb these new peoples. They are destitute and penniless persons with only such possessions as they could carry on their backs. They need help.

One dramatic response is Operation Brotherhood. That is privately sponsored by the Philippine Junior Chamber of Commerce. It provides Philippine doctors and nurses who work on a 24-hour-a-day basis at the refugee centers. It is inspiring to see the Philippine people, who only lately achieved their own independence, now turning to help the most recent addition to the ranks of free nations.

A second problem faced by the Free Government of Vietnam is created by the fact that various religious groups, known as the sects, have heretofore had virtual autonomy, maintaining their own police forces, collecting their own taxes, and acting largely independently of a central government.

If Vietnam is to maintain its independence and the religious freedom desired by all, including the sects, there needs to be increasing allegiance to the central government. Reports indicate this allegiance is still not being granted by the sects to the Free Government of Vietnam. I hope that motives of patriotism will inspire all groups in free Vietnam to join together. Only as a united people will they be able to meet the threat of communism.

The third and greatest problem is, of course, that presented by the Communists in the north. Under the armistice they should have removed their forces from the south. Instead, many of their soldiers there merely put on civilian clothes and faded into the local community as a source of future trouble. Communist propaganda is rife, and in addition the free people of the south are subjected to the terrorizing threat of armed aggression from the north. As against this, local forces are being trained. But the principal reliance is the Manila Pact and its deterrent power.

In July of this year, conversations are scheduled to begin between south and north looking toward elections in 1956 to unify Vietnam. Under the terms of the armistice, these elections are to be held under conditions of freedom. There can be little doubt but what most of the people of Vietnam will want to unite under a genuinely independent and democratic government. In the north there is great discontent with Communist despotism. For each one of the many who have actually fled south to find freedom, there are many more who want freedom. Also, economic conditions in the north are deplorable and in many localities there is near starvation.

It will, however, be hard to create in the North conditions which allow genuine freedom of choice.

In Northern Korea and in Eastern Germany the Communists stubbornly refuse to permit the free elections which would bring uni-

fication. We hope this pattern will not be repeated by the Communist Viet Minh.

I was much impressed by Prime Minister Diem. He is a true patriot, dedicated to independence and to the enjoyment by his people of political and religious freedoms. He now has a program for agricultural reform. If it is effectively executed, it will both assist in the resettlement of the refugees and provide his country with a sounder agricultural system. I am convinced that his government deserves the support which the United States is giving to help to create an efficient, loyal military force and sounder economic conditions.

VIII

I stopped at Manila on both my outgoing and homecoming trips. Both times I talked with President Magsaysay. Whenever I meet him, I am deeply impressed by his grasp of the Communist problem. He has given his full moral support to the anti-Communist position of the United States in Asia. The Philippine Republic is proving itself to be a staunch and an effective ally.

On my return stop at Manila, I spent a day in conference with the United States Ambassadors in the area. United States representatives had come to Manila from 15 countries for a regional conference. We discussed together the policies of the United States in relation to the Asian scene. The conference continued on after I left, and has been of great value both to those of us who work primarily in Washington and to those who work in the field.

In this connection, I want to pay tribute to the Foreign Service and other representatives of the United States in the area I visited. Oftentimes they work under most difficult physical conditions. They do so without complaint and with a great sense of dedication to the service of our country. They are our first line of defense against an external peril which is perhaps the greatest our Nation ever faced. They deserve the respect and thanks of the American people.

IX

My last stop was at Formosa, where I conferred with President Chiang Kai-shek, Foreign Minister George Yeh and other members of the government. I exchanged there the instruments of ratification which officially brought into force our Mutual Defense Treaty covering Formosa and the Pescadores, or to use the Chinese names, Taiwan and Penghu. The ceremony was cheered by those who crowded into the room to see it, and by many thousands who lined the streets as I drove by. They saw in the treaty a significance—also seen by overseas Chinese I met—that so far as the United States can assure it, there will always be a free China.

After the treaty came into force, we held a first meeting of consultation under article IV of the treaty with reference to implementing the treaty. At this meeting, Admiral Carney, the Chief of Naval Operations, was present and also Admiral Stump, our Commander in Chief in the Pacific. They remained on after I left for further conferences with the military advisers of the President of the Republic of China.

Let me make it clear that we have here to deal with two distinct matters—first the political decision as to what to defend, and then the decision as to how to defend.

The political decision of what to defend has been taken. It is expressed in the treaty and also in the law whereby Congress has authorized the President to use the Armed Forces of the United States in the Formosa area. That decision is to defend Formosa and the Pescadores. However, the law permits a defense which will be flexible and not necessarily confined to a static defense of Formosa and the Pescadores themselves. How to implement this flexible defense of Formosa the President will decide, in the light of his judgment as to the overall value of certain coastal positions to the defense of

Formosa, and the cost of holding these positions. This judgment would take account of consultations provided for by the Mutual Defense Treaty.

We hope that the present military activities of the Chinese Communists are not in fact the first stage of an attack against Formosa and the Pescadores. We hope that a ceasefire may be attainable. We know that friendly nations, on their own responsibility, are seeking to find substance for these hopes. Also, the United Nations is studying the matter in a search for peace. So far these efforts have not been rewarded by any success. The Chinese Communists seem to be determined to try to conquer Formosa.

The response of the United States will have importance both to Formosa itself and to all the southeast Asia and Pacific countries.

X

I come back from Asia greatly impressed by the spirit and the purpose of the governments and peoples with whom I had contact. They want to preserve their freedom and independence. However, patriotism alone is not enough. Small nations cannot easily be self-confident when they are next door to Communist China. Its almost unlimited manpower would easily dominate, and could quickly engulf, the entire area were it not restrained by the mutual security structure which has been erected. But that structure will not hold if it be words alone. Essential ingredients are the deterrent power of the United States and our willingness to use that power in response to a military challenge.

The Chinese Communists seem determined to make such a challenge. At the same time they are persistently trying to belittle our power and to throw doubt on our resolution. They boast that in 1950, in Korea, they drove United States forces back from the Yalu and gained a great victory. They boast of their victory over the French Union forces in Indochina and they misrepresent our nonparticipation as due to our weakness of will. When we recently helped the Chinese Nationalists to evacuate the Tachens and other coastal islands, the Chinese Communists claimed that this represented great victories for them. They continue wrongfully to hold our fliers and other citizens.

In such ways Chinese Communist propaganda portrays the United States as being merely a paper tiger. It suggests to the small peoples whom they threaten that the United States will always find reasons to fall back when faced by brutal and uncompromising force, and that Communist China is sure to win.

The United States, in the interest of peace, has made great sacrifices and has shown great self-restraint. That is nothing for which we should feel ashamed. Indeed, it is something in which we can take pride. But we must always remember that the free nations of the western Pacific and southeast Asia will quickly lose their freedom if they think that our love of peace means peace at any price. We must, if occasion offers, make it clear that we are prepared to stand firm and, if necessary, meet hostile force with the greater force that we possess.

A big step in the right direction was taken by the Congress when, at the President's request, it passed the joint resolution which authorized the President actually to use the Armed Forces of the United States for the defense of Formosa and, to the extent the President judges appropriate for that defense, to protect related areas in friendly hands. That nonpartisan action, taken with virtual unanimity, did more than any other recent act to inspire our Asian friends with confidence in us. I believe that their confidence is not misplaced.

We have power that is great. We have a cause that is just. I do not doubt that we

have the fortitude to use that power in defense of that just cause.

If that will be manifest, then I believe that peace and freedom will prevail.

**STATEMENT BY PAUL BUTLER,
CHAIRMAN OF THE DEMOCRATIC
NATIONAL COMMITTEE, WITH
REFERENCE TO THE PRESIDENT
AND MRS. EISENHOWER**

Mr. GOLDWATER. Mr. President, it has been a notorious fact for some time that the Democratic Party has been feverishly engaged in a search for issues. For 2 years Democratic Party strategists in Congress have been probing for soft spots around the periphery of a sound Republican administration in a desperate hope to come up with something they can use to lift their flagging spirits for 1956. They tried to belabor the administration's Air Force program, the farm program, and the programs for development of power, and when the plain facts exploded their charges they turned to Dixon-Yates, which they are still dredging for political pay dirt.

More recently they have come forth with the \$20 income tax reduction scheme, which they are now willing to shave and compromise to cover the irresponsibility contained in their first proposal. In the House of Representatives, the Democratic Party strategists are deploying their forces in preparation for another aggressive attack on the Republican farm program—the soundest farm program the Nation has had in more than 20 years.

It makes no difference to these Democratic political strategists how irresponsible they become in manufacturing false political issues so long as they can pit rich against poor, labor against management, borrower against lender, farmer against the administration, and generate other class conflicts. Always they look to where the most votes lie, and then they adopt the slant which will allow them to wear the shield labeled "champion of the little fellow." They care nothing for economic balance, economic stability, a sound dollar, a balanced farm program, or any of the other yardsticks which measure the general good of the Nation and which protect the little fellow far more surely than does the easy handout system which prevailed under 20 years of the New Deal.

As a Republican and as a member of an administration as fine as the Nation has had in a generation, I look with amusement on this desperate thrashing about of our Democratic opposition. So long as they continue to search for genuine political issues—even falsely manufactured ones—I can regard them with indulgence. Republicans will spot them every one of these synthetic issues and fully meet their challenge when the time comes to go to the people.

But when they stoop to personal insinuations about the morals, integrity, and health of our President and his beloved First Lady, I say that is the place to draw the line. Yesterday's insinuation by Mr. Paul Butler, Democratic national chairman, about the health of the Nation's First Lady is another sample of

personal smear tactics which have now become typical of Butler's idea of political warfare. Members of the Senate do not have to search far back in their memories to recall how a former Democratic chairman tried to insinuate a moral charge against our President by hinting that the Dixon-Yates contract was made to give a favor to a personal friend of the President's. When this vicious lie was exposed, that chairman weaseled out of the charge.

Now Mr. Butler has turned his sights on the beloved wife of the President to indicate that her health may be poor and that in all probability the President and his wife may be looking forward to private life in 1956.

Mr. President, our distinguished President and his wife both have had colds, as millions of other Americans have at the time of the year when the seasons change. But let me tell you, Mr. President, that both are in sound, healthy, and vigorous condition—in vivid contrast to the condition of the man who ran for a fourth term and withheld information of his mortal sickness from the Nation.

I can understand Mr. Butler's desperation. He believes the only chance his party has for 1956 is to tear down the leader of his Republican opposition. But I cannot believe he is so frantic that he has to stoop to personal insinuations in order to build up the hopes of Democratic Party politicians. Let them stick to issues concerning the Nation's problems, and leave personalities out of them, because I warn these politicians that the American people will not stand idly by and watch any attempt to besmirch the morals, good faith, or health of the President and the beloved First Lady of the land.

Mr. KNOWLAND. Mr. President, apropos of the statement made by the Senator from Arizona [Mr. GOLDWATER], I am frank to say that I was quite shocked when it was called to my attention that the chairman of the Democratic National Committee had found it necessary to bring Mrs. Eisenhower's health into the discussion of the political campaign of 1956. The facts of the matter are that the President and Mrs. Eisenhower, like a good many thousands of other Americans, have had a touch of cold or flu. That situation is not unusual in any household in the country. I think it is most unfortunate and quite irresponsible for the chairman of the Democratic National Committee to use that as an anvil upon which to beat the question of the presidential campaign of 1956.

I am pleased to say that this did not originate from the responsible leadership of the Democratic Party in the Congress, and I think all Americans should repudiate this attack of the chairman of the Democratic National Committee.

Mr. JOHNSON of Texas. Mr. President, I am not familiar with the statement made by the distinguished chairman of the Democratic National Committee which is receiving such undivided attention this morning. If the chairman of the Democratic National Committee or anyone else said anything

reflecting adversely on the motives, or spoke an untruth concerning the health, of either the President or of the First Lady, I would be the first to feel that he made a mistake. It seems passing strange to me, however, that my delightful friends on the other side of the aisle should be so disturbed in this year 1955. In previous administrations, they talked about the President's health, the President's wife, the President's daughter, and the President's piano, and everything else they could think of which concerned the President. Yet, when the Chairman of the Democratic National Committee gives his opinion of what is going to happen in 1956, whether it is good or bad—and I cannot follow the predictions of the chairman of either party, religiously—his statement rouses all my colleagues on the other side of the aisle.

Mr. Humphrey, the very able Secretary of the Treasury, has just issued a statement concerning many of our colleagues in the Senate, some of the most distinguished men in this body. They include a former distinguished Vice President and former majority leader, for many years a Senator from the State of Kentucky and for many years a Representative from that State.

I can understand Secretary Humphrey disagreeing with the merits of a proposal, but I do not understand this statement of the Secretary of the Treasury. It did not shock me to the extent the minority leader is shocked, because I have come to understand these things. It is merely a repetition of what the Secretary of the Treasury said a few days ago, but today we read:

Treasury Secretary Humphrey denounces the compromise tax-cutting plan proposed by Senate Democrats as irresponsible—

He questions their responsibility—political and silly.

Mr. President, I would respect the Secretary of the Treasury a great deal more if he advanced his reasons for being opposed to a proposal to which I am sure he has not given adequate study.

I shall not engage in a name-calling contest. I shall not question people's motives. I think we would be better advised to leave all motives and names out of these questions and discuss them on their merits.

I wish to make it abundantly clear that I do not associate myself with the chairman of the Democratic National Committee or with any other chairman who makes improper statements reflecting upon the integrity, the character, or the health of the President of the United States. But I think it ill-behoves some of my colleagues who talk so often on this floor on such subjects, to sit silent while reports go out to the country that the most influential man in the Cabinet is branding their colleagues as silly.

Oh, there have been Presidents who said there were too many of certain kinds of Members of the Senate. There were Presidents who called for purges.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may speak for an additional minute.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Texas may proceed.

Mr. JOHNSON of Texas. Many Democrats refused to associate themselves with such actions of the President. I hope the distinguished minority leader, the distinguished chairman of the Republican policy committee, and also the distinguished Senator from Arizona [Mr. GOLDWATER] the chairman of the Republican Campaign Committee, who just spoke, will dissociate themselves from the statement by the Secretary of the Treasury—that great tax expert, who showed up with a billion dollar “blooper” in the 1954 revenue bill, which he is now trying to have remedied in the House.

Mr. KNOWLAND. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield, with pleasure.

Mr. KNOWLAND. I wish to say to the distinguished Senator from Texas that most of us in the Senate have had some political experience, so I believe we can take care of ourselves. However, I think the situation is a little different when a reference is made such as was made about the wife of the President of the United States. She is not in a position to use this forum, or any other forum, for that matter, when it comes to a discussion of her health, or as to what she might have tried to influence her husband to do, when such statements are totally without foundation.

Mr. BRIDGES. Mr. President, I listened with interest to the remarks of the distinguished Senator from Arizona [Mr. GOLDWATER] and the distinguished Senator from California [Mr. KNOWLAND], in which they referred to a recent comment made by the chairman of the Democratic National Committee concerning the health of our beloved first lady of the land.

I listened also to the impassioned plea of my friend, the majority leader, the distinguished Senator from Texas [Mr. JOHNSON], who I wish were present at the moment, during which he read the charge which Secretary of the Treasury Humphrey had made, to the effect, I understood, from what the distinguished majority leader said, that Secretary Humphrey had called the Senator from Texas and certain other Senators irresponsible, political, and silly.

The Senator from Texas thinks that certain of us should dissociate ourselves from the statement made by Secretary Humphrey. I am glad to dissociate myself from two parts of the statement.

I observe the distinguished junior Senator from Tennessee [Mr. GORE] occupying the seat of the distinguished majority leader, so I know that he will convey my statement to the Senator from Texas.

I do not wish to hear my friend from Texas or other of my colleagues and friends, whom I know to be most sincere, called silly or irresponsible. But when the Secretary called them “political,” I think that probably he had a very good name for them. I do not see how these Members who sponsored this Democratic tax plan can object to being called political in their views when they have produced proposed tax legislation such as

has been reported in the last few days. I think the word “political” really “clicks.”

Mr. President, because there has been some dispute as to what was said by the Democratic national chairman, Mr. Butler, I ask unanimous consent to have printed at this point in my remarks the text of an Associated Press dispatch entitled “Butler Views Ike's Future—Democratic Head Sees Wife's Health as Factor in 1956,” published in this morning's Baltimore Sun. Thus, we may see exactly what was said.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BUTLER VIEWS IKE'S FUTURE—DEMOCRATIC HEAD SEES WIFE'S HEALTH AS FACTOR IN 1956

NEW YORK, March 9.—The chairman of the Democratic National Committee said today Mrs. Eisenhower's health may deter her husband from running again for President.

Paul M. Butler had said yesterday he doubts President Eisenhower will seek reelection because of “a personal situation in the Eisenhower household.”

“What I meant,” he told a news conference today, “was that from all reports traveling around in Washington I did not believe the President was happy as an administrator.”

NOTES HER HEALTH

Then he added that newspaper reports indicated Mrs. Eisenhower's health was not too good and that he believed that, too, might be a factor.

In any event, Butler claimed:

“We are confident that a Democratic President will be elected in 1956.”

In Washington, James C. Haggerty, White House press secretary, was asked if there was any comment on Butler's statements. He replied: “There will be no comment now.” There were indications the White House might have something to say tomorrow.

Earlier Butler was asked on a TV program if Gov. Averell Harriman, of New York, would be the Democratic presidential candidate in 1956.

“This is possible,” Butler replied.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. BRIDGES. Before I yield, I should like to say that while the distinguished majority leader has referred to the pianos of other Presidents, the sons of other Presidents, and so on, I have never heard a great decision being made on such a slim reed as that upon which Butler's belief is based when he says that the President is not going to run again. I know Butler has been desperately wishing and hoping that the President will not run, but I never believed he would base such statement on the fact that the President's wife had a head cold. So far there have been more important and major considerations on which to determine whether the President should run again. I think the chairman of the Democratic National Committee has advanced a pretty slim reason when he states that he believes the President will not run again.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield to the Senator from South Dakota.

Mr. MUNDT. I enjoyed what the Senator had to say. I want to dissociate myself from one part of the analogy that the minority leader used

when he referred to the fact that Mr. Butler was using the cold of the President's wife as an anvil on which to beat the President. Instead of an anvil, it is a mirage on which to pin a tattered and futile hope for 1956.

Mr. BENDER. Mr. President, I had not intended to make any comment on the matter under discussion by the Senator from Arizona, and other Senators until the distinguished majority leader mentioned a fellow Ohioan for whom I have had the greatest respect throughout my life. Above all else, the Secretary of the Treasury, Mr. Humphrey, is a gentleman; and I know he is not given to making any snide references or personal references in any way reflecting on the character or the ability of any individual.

Certainly many of us feel the \$20 alleged tax cut to some extent justifies the contention that it is a frivolous proposal. Certainly it is already obvious that it is designed for political propaganda purposes only. The same persons who are urging the adoption of the proposal are the Democrats who never cut a tax in all the time they were in office, before, during, and after the war years. These same persons are asking for more appropriations for military purposes, for more public housing, and for more Federal spending, up and down the line. Yet at the same time, they pretend to be sincere in asking for reduced taxes.

There is no way in which our Government can cut taxes and spend more money simultaneously. We cannot eat our cake and have it, too, without risking the kind of inflation which hits the pocketbooks of every working family in our country.

I shall oppose this political tax cut, but I shall do my best to encourage Congress to reduce major Federal spending so that we can have a balanced budget and honest tax relief.

I hope we will have that in mind all the time when the tax measure is under consideration.

We cannot cut taxes unless we first cut spending. When more expenditures for schools are being encouraged, which is wholly in order, or greater expenditures for other purposes, such as increasing our Military Establishment, if necessary, we cannot talk about cutting taxes unless we are playing politics with the people of the country, and when we advocate tax reduction, in view of the condition of the Treasury, we are proposing something that is perfectly absurd.

Mr. HUMPHREY subsequently said: Mr. President, I ask unanimous consent that I may speak for 2 minutes, in making a rejoinder to the comment I heard a moment ago from the Senator from Ohio.

The PRESIDING OFFICER (Mr. THURMOND in the chair). Is there objection? The Chair hears none, and the Senator from Minnesota may proceed.

Mr. HUMPHREY. Mr. President, I appreciate this courtesy.

I was very much intrigued with the comment of the distinguished Senator from Ohio in reference to the tax bill. My comment would be quite pertinent. The Democratic Party unfortunately has had to bear the burden of conducting

the affairs of the Nation during World War II and also during the very trying and difficult postwar period. It is interesting to note that the accomplishments of those two periods are now matters of great historical significance to the Nation, and of great pride to the American people.

Our Republican friends seem to indicate that they are in favor of tax reduction. There is no doubt that they have reduced taxes. My question to the American people is this: Tax reduction for whom?

I suggest that as the Banking and Currency Committee reviews the operations of the stock market, the committee may find that the tax-reduction bill of last year has had as much to do with what is occurring in the stock market as has anything else.

Furthermore, it is interesting to note that the only time our Republican colleagues seem to be interested in inflation is when it adversely affects some of their warmest friends. I point out that the inflation in the stock market does not seem to be a subject of great concern to the leadership of the Republican Party. I further point out that the tax reductions which have occurred thus far have been of little or no benefit to the multitude or the majority of the American people.

I point out that the Democratic leadership of the Senate will present a tax program for the Senate to vote upon, and that program will give the administration its long-heralded opportunity to balance the budget, if it wishes to do so, and at the same time will provide a modicum of tax relief for those who really need it.

It appears to me that a \$10 or \$20 tax relief for the average citizen is a modicum of equity, in view of the almost unbelievable amount of tax relief which has been extended, by two tax bills of the 83d Congress, to the large business and financial interests of the country.

Finally, Mr. President, let me say that I am not at all impressed with the fact that the administration "blooper" of permitting a great loophole to occur in the tax law—a loophole which resulted, as a minimum, \$1 billion in loss of revenue—is compensated for by saying, "I am sorry." A \$1 billion revenue loss exceeds even some of the greatest extravagancies of the Democratic Party.

Mr. DIRKSEN subsequently said: Mr. President, I wish to say a word about a matter which has been discussed earlier today on the floor of the Senate, namely, one with respect to the indisposition of the wife of the President.

To me, Mr. President, it is something more than political. I would regard it as an affront to the President himself.

Ten years ago the President of the United States was the chief of a great military operation in Europe. If someone had indicated at that time that his devotion to duty was predicated upon the indisposition of some member of his family, I am sure that the person making such an allegation would have been censured. To say now that his determination as to his political future is to be based upon that factor is, after all, an affront to his sense of devotion and his

sense of responsibility to the country, because if a President were to measure his devotion on that basis, it would be a matter of deep concern.

His entire lifetime has been devoted to a military career, in which the sense of devotion to duty has always been exalting. To say now that some day in the future, when the country may be confronted with an emergent situation, he would allow an indisposition on the part of a member of his family to determine what his duty was is not only unfair to the President, but I think it is an affront to his sense of duty.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. DIRKSEN. I yield.

Mr. SALTONSTALL. Carrying forward the Senator's idea, is it not also an affront to the devotion to duty of his wife, who has gone through many difficult days during times when he was away for protracted periods carrying out his responsibilities to his country? Is there not an affront on that score?

Mr. DIRKSEN. Yes. It is forgotten that he is not only President of the United States, but also Commander in Chief of its Armed Forces at a time when an uneasy situation has been generated in the Pacific. How long it will last, I do not know, but I am confident as to his sense of devotion and his fealty to his country under every circumstance.

Mr. AIKEN subsequently said: Mr. President, this morning when I woke up and turned on the radio to get the news items, there was one which came over which I could scarcely believe. A half-hour later I turned on the news again, and I found I had heard correctly the first time. It was in effect an attack made by Chairman Butler, of the National Democratic Committee, upon the President and Mrs. Eisenhower.

If I understood correctly, the report of what Mr. Butler said, he indicated that he did not believe President Eisenhower would run for reelection because of trouble in the family, and then the explanation was that Mrs. Eisenhower's health was not good, and that the President probably would not run again on that account.

Why did Mr. Butler go to this inhuman length? Why did he try to upset not only these good Christian people in the White House—and thank the Lord they are just that—but also other people in the United States? There can be only one answer. He does not want President Eisenhower to run for reelection. His statement could lead one to think he would be very happy if Mrs. Eisenhower were in poor health. Fortunately, she does not appear to be. We know she is not a strong woman compared to some persons. She is not a tennis champion. She does not climb mountains. She does not go racing halfway around the world every week. But she is one of the most gracious and human hostesses we have ever had in the White House.

Does Mr. Butler think he can make her sick by this kind of talk, by starting these rumors? Does he think he can make her feel she is a drag on her husband's office? Does he think he can make President Eisenhower feel he would

be doing a terrible thing, on Mrs. Eisenhower's account, if he insisted on remaining in the White House?

I do not know what goes on in the mind of a man who would use tactics like those resorted to by Mr. Butler. We have often heard the question asked, "Just how low and evil and loathsome can an animal in human form get?" I think Mr. Butler answered that question very well.

I do not believe there is a self-respecting Democrat in this country—and there are millions of them—who would approve the kind of tactics this scoundrel is attempting to use, trying to hurt the President and his gracious wife, trying to hurt the President at a time when he is called upon to make decisions affecting literally the lives of millions of Americans.

I shall not give any advice to the Democratic Party; its members can stand for this type of thing as long as they like, but I think Mr. Butler has answered the question thoroughly as to just how low a man can get.

1934 TRADE AGREEMENTS ACT— RESOLUTION OF NEVADA LEGISLATURE

Mr. MALONE. Mr. President, the legislature of my State of Nevada urges the Congress, through Assembly Joint Resolution No. 31, to allow the 1934 Trade Agreements Act to expire on June 12, 1955, and return the constitutional responsibility of adjusting duties or tariffs on foreign imports to Congress.

A part of that resolution reads as follows:

Resolved, That the Congress of the United States after June 12, 1955, should set up a flexible import fee which would be based upon fair and reasonable competition administered by a reorganized and experienced Tariff Commission functioning much in the same manner as the long-established Interstate Commerce Commission so that the market for foreign goods in this country would be based on a fair and reasonable competition with our own agricultural, industrial, and mining production.

The act should be allowed to expire.

THE RESOLUTION—NEVADA RESOLUTION

Mr. President, I ask unanimous consent to have printed in the *RECORD* the entire resolution of the Legislature of the State of Nevada.

There being no objection, the resolution was ordered to be printed in the *RECORD*, as follows:

Assembly Joint Resolution 31

Joint resolution memorializing the Congress of the United States to allow the 1934 Trade Agreements Act to expire on June 12, 1955, so that the regulation of foreign trade and the laying of tariffs and import fees will immediately vest in Congress as the Constitution requires and thereby stop the lowering of the American standard of living by the importation of foreign-made goods

Whereas the Legislature of the State of Nevada is aware of the fact that the selective so-called free-trade policy, adopted by the State Department of the United States under the provisions of the Trade Agreements Act of 1934, is lowering the American living standard through the lowering of wages and is causing unemployment and a

subsequent decline of the demand for minerals, agricultural products, and other commodities produced in the State of Nevada; and

Whereas the indiscriminate lowering of import fees and tariffs, without regard to the differential between the costs of production due largely to the difference in living standards of this Nation and foreign competitive nations, has a demoralizing effect on the mining and agricultural markets of this country and thereby causes unemployment and loss of labor; and

Whereas the State of Nevada is in a particularly vulnerable position in attempting to compete with foreign sweatshop labor because the products produced in Nevada, such as livestock, wool, tungsten, lead, zinc, copper, magnesite, chemicals, manganese, mercury, silicon, and many others, are readily importable at a lower cost from sources outside of this country under the so-called reciprocal trade act, all to the great detriment and economic hardship of this State; and

Whereas many mining companies in the State of Nevada are practically shut down and almost all of the zinc miners are out of work and the cattle industry is being endangered because our ranchers cannot compete with the importation of hides, beef, or live cattle from Argentina or Mexico; and

Whereas the haphazard lowering of the floor under wages and investments represented by the tariffs and import fees destroys American workingmen and shifts their jobs to foreign soil; and, as a result, many of our mines, mills, and factories have been closed and our farm production saved only by subsidies; and

Whereas those industries which depend upon the power of Hoover Dam and Davis Dam are in danger because similar products are being imported at a price less than production costs in this State; and

Whereas the Nevada wool industry has found it impossible to compete with the importation of wool from Australia, New Zealand, and elsewhere; and, for the first time, the wool industry of Nevada is only being saved from destruction by the use of subsidies; and

Whereas it is essential to the protection of the American standard of living that world trade should only be on the basis of fair and reasonable competition and based on the principle that foreign products produced by underpaid labor should not be admitted to this country on terms which endanger the living standard of our workers, farmers, and miners; and

Whereas article I, section 8 of the Constitution of the United States requires that Congress should lay duties, imposts and excises, and regulate foreign commerce, but the Congress of the United States has abdicated its constitutional duties by virtue of the Trade Agreements Act of 1934 by transferring the duty of fixing tariffs to the executive department of the Government which has, in turn, carried out policies inconsistent with the welfare of American agriculture, industry, and commerce; and

Whereas the free-trade policies fostered by the State Department under the 1934 Trade Agreements Act have resulted in our dependence upon foreign nations across one or both major oceans for many of the materials and minerals which we would need to fight a war and to prepare our own defense and thus stifled the initiative to explore, develop, and produce such needed materials in our own country; and after having become dependent on foreign sources for critical materials the foreign countries have been able to cause us great embarrassment by manipulation of export permits and fees so that we must bow to their demands and submit to international blackmail; and

Whereas the United States has in the last several decades only been able to prosper because of war or the threat of war and under this cover of war the industrially inexperienced State Department has been wrecking the national economy by the simple expedient of tampering with tariff or import fees so as to open the door to foreign commodities, which, in turn, prevents the flow of venture capital into the business stream of the Nation even in time of emergency since investors know that when the emergency is over their investment will be destroyed through foreign sweatshop labor competition; and

Whereas it is mandatory to the future economic growth and development of this country, and Nevada in particular, that the 1934 Trade Agreements Act be allowed to expire on June 12, 1955, so that Congress can immediately recover its constitutional responsibility to regulate foreign trade through the adjustment of tariffs and import fees, and with such an expiration of the act the so-called trade agreements already made and, in effect, will in no way be affected but will continue in effect for their full terms: Now, therefore, be it

Resolved by the Assembly and Senate of the State of Nevada, jointly, That the legislature of the State of Nevada most respectfully memorializes the Congress of the United States to stop the dreadful deterrent to American economic well-being and the lowering of our standards of living and that it return to its traditional and constitutional method of fixing tariffs based on the principle of protecting American industry, agriculture and commerce by allowing the 1934 trade agreements act to expire by its own force and limitation on June 12, 1955; and be it further

Resolved, That until the expiration of the agreement, the Department of State should exercise its powers in fixing tariffs only in accordance with the traditional principles of American policy as set forth in this resolution until such time as the responsibility for regulating foreign commerce be vested where it belongs, in the Congress of the United States; and be it further

Resolved, That the Congress of the United States after June 12, 1955, should set up a flexible import fee which would be based upon fair and reasonable competition administered by a reorganized and experienced tariff commission functioning much in the same manner as the long-established interstate commerce commission so that the market for foreign goods in this country would be based on a fair and reasonable competition with our own agricultural, industrial and mining production; and be it further

Resolved, That copies of this resolution, duly certified by the secretary of state of the State of Nevada, be promptly transmitted by him to the President and Vice President of the United States, the Speaker of the House of Representatives, the President pro tempore of the Senate, and the Secretary of State and the Secretary of Commerce, and to the United States Senators and Congressman from Nevada.

A CONSPIRACY TO DESTROY THE AMERICAN WORKINGMAN AND INVESTORS

Mr. MALONE. Mr. President, the 1934 Trade Agreements Act transfers the constitutional responsibility of Congress—Article I, section 8—to adjust the duties or tariffs on foreign imports, and to regulate foreign commerce (foreign trade) to the executive branch of the Government, with authority to virtually remake the industrial map of the United States through the adjustment of such duties or tariffs without the approval of Congress.

Mr. President, the 1934 Trade Agreements Act is the economic approach to destroy the workingman and small investors of this Nation, and to make us dependent upon foreign nations for critical materials without which we cannot fight a war or live in peace.

The frantic attempt to extend this act for 3 years and to lower still further the duties or tariffs without regard to the differential of costs of production here and abroad, due to our higher wage standard of living, can be called a conspiracy to destroy this Nation.

The act should be allowed to expire.

CONDUCTED TOUR FOR YOUNG RUSSIAN EDITORS

Mr. BENDER. Mr. President, I am very much interested in the proposed tour of young student editors from Russia which our immigration authorities are sanctioning this year. The theory is that this tour will be an experience similar to the one enjoyed by young American college newspaper editors in Russia last year. It is historically painful to remember that every Russian journalist who has ever visited our country has seen only what he wanted to see. Sometime back Mr. Ilya Ehrenburg, a famous Russian journalist, visited America and saw nothing but slums, bread lines and segregation and his reports made America look like something out of the Dark Ages.

I should like to permit these young editors the opportunity to see everything in this country, but I should like to make sure that at some time during their visit they see America at its best.

I should like personally to conduct these visitors on a tour of Ohio. Let them visit our public schools; take them to a Cleveland Indians baseball game when Larry Doby is batting against a weak right-handed pitcher; walk into the courthouse in Cleveland, Ohio, where Judges Perry B. Jackson and Charles White are presiding over cases; visit the Thompson Aircraft Products Co. and take a look at the parking lot; have them meet the members of the State legislature and city councils of our big cities; have them talk to our farmers. I think we could top it all off with a visit to some of Ohio's colleges, of which our State has more than any other in the Union; show them the work being done in our community centers, and let them ask all the questions they wished.

I am certain that some of those who go through this kind of experience will be tempted to do what a courageous young Yugoslavian student did a few months ago when she came to America on a student tour. She came, she saw, and she stayed, escaping from her watchful Communist guards and marrying a fine young American.

MILK MARKETING ORDERS

Mr. HUMPHREY. Mr. President, many times on this floor I have called attention to some of the inequities of the milk marketing orders in discriminating against dairy producers of the Midwest.

I am proud that we now have in Minnesota a Democratic governor to help carry on the fight for protection of our Minnesota dairy producers; and today I serve notice that a determined effort is going to be made to improve these marketing orders, to the point that such discrimination is avoided.

Mr. President, I ask unanimous consent to have published at this point in the RECORD, a joint resolution of the Minnesota Legislature, memorializing the Congress of the United States to amend the Agricultural Marketing Agreement Act, as it pertains to these milk marketing orders.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

Joint resolution memorializing the Congress of the United States to amend the Agricultural Marketing Agreement Act.

Whereas in many milk marketing areas of the United States in which orders promulgated pursuant to the Federal Agricultural Marketing Agreement Act of 1937 are effective, the minimum price to producers for fluid milk has been set unreasonably high; and

Whereas certain of said orders have arbitrarily discriminated against various forms of milk produced in other areas; and

Whereas various State statutes and local ordinances which ostensibly were enacted for the protection of the health of consumers of milk and milk products actually lack any reasonable degree of uniformity, and are unduly restrictive and arbitrary, and not reasonably related to such ostensible purpose; and

Whereas by reason of the premises, the price of fluid milk to consumers in such areas has been raised so high as to curtail consumption of fluid milk, and uneconomic production of large surpluses of milk has been stimulated in such areas, and the price of milk for manufacturing purposes throughout the United States has been unduly depressed, and producers of milk in other areas of the United States who produce milk of good quality more economically have been deprived of normal and natural markets for their milk, and interstate commerce in milk has been unduly obstructed: Now, therefore, be it

Resolved by the Legislature of the State of Minnesota, That the Congress of the United States be memorialized to amend the Agricultural Marketing Agreement Act of 1937 so as to limit the differential between the price of milk for fluid purposes and the price of milk for manufacturing purposes which may be allowed by any order promulgated under said act, and so as to require that each such order applicable to milk include a provision requiring that the price of milk for fluid purposes be reduced whenever the production of milk in the area subject to such order is in excess of the market requirements in such area during the seasons of short production in such area, and so as to prohibit the inclusion in any such order of any provision which will have the effect of discriminating against milk or milk products produced outside of such area and so as to render lawful the sale in such area of any milk or milk products produced anywhere in the United States in compliance with such sanitary standards as may be promulgated by the United States Public Health Service, and so as to recognize and protect effectively the interests of producers and handlers who are outside of such area but desire to market milk or milk products within such area; be it further

Resolved, That the secretary of state transmit a copy of this resolution to the President of the United States, the Secretary of Agriculture, and to each Senator and Repre-

sentative in the Congress of the United States from the State of Minnesota.

Approved by Minnesota State Legislature on March 7, 1955.

ORVILLE L. FREEMAN,
Governor of Minnesota.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent to have published at this point in the RECORD a copy of a press release issued by Governor Freeman of Minnesota, announcing a three-pronged attack on the problem of opening markets to Minnesota milk and milk products.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

Governor Orville L. Freeman today announced the launching of a three-pronged attack on the problem of opening markets to Minnesota milk and milk products, stating that such efforts are long overdue:

"1. We intend to take legal action directed toward ending arbitrary and unrealistic so-called 'sanitary' regulations which are really intended to create a monopoly for producers in certain preferred areas. Several such areas are located where, if it were not for such restrictions, Minnesota milk could pay transportation costs and still compete favorably with their locally produced milk. Certainly milk and milk products produced anywhere in the United States in compliance with standards set up by the United States Public Health Service should not be barred from markets in any part of our country.

"2. We will take legal steps provided for under the Milk Marketing Agreement Act to protest and prevent the incorporation into orders under that act such 'gimmicks' as have the effect of excluding our dairy products from milk marketing agreement areas. An example of such an order is that which provides that evaporated milk sold in the New York area either must be manufactured from fluid milk for which the producers have been paid prices equal to those paid producers in that area, or—if prices to producers have been lower—the difference must be paid into a pool to help support the program in the New York area. Since Minnesota milk production is carried out more economically than that in New York, this effectively keeps our evaporated milk out of the New York market. Efforts are being made to extend this practice to dried milk as well.

"3. We will exert every effort to secure an amendment to the Agricultural Marketing Agreement Act of 1937 so as to limit the differential in price that may be established under that act between the price of milk for fluid purposes and the price of milk for manufacturing purposes.

"This part of the program is of immediate importance to us in Minnesota," Governor Freeman said, "and I am urging the legislature to memorialize Congress to that effect. The differential between the prices of milk for fluid consumption and for manufacturing is often so great that the result is: (1) A price on fluid milk that is so high that consumption is curtailed; (2) a price on milk used for manufacturing that is so low that the finished milk product competes on a cut price basis with similar products manufactured here. In the milkshed area in which this prevails there is thus an uneconomic production of large surpluses of milk which go into manufacturing, at the expense of a greater consumption of fluid milk which the people of the area really need.

"We have had numerous examples of manufactured products from milkshed areas being sold at levels below those from our manufacturing milk areas. Only about a year ago, one of our larger milk powder manufacturers was forced to cut his price in order to meet competition from the New York milkshed, with the result that almost

immediately prices declined everywhere in the country.

"I want to make it clear," the governor said, "that we are not opposed to the principle of Federal market orders. We do not want to bring about the demoralized price situation which was responsible for their creation in the first place. We ask only that they do not set up monopolies which encourage local production beyond its normal expansion and that they do not price fluid milk so high that consumers lower their consumption. Specifically we recommend that the price for fluid milk be reduced whenever the production in the milkshed is in excess of the market requirements of the area."

Mr. HUMPHREY. Mr. President, Governor Freeman has invited his neighbor States of the Midwest to join with him in this effort. I ask unanimous consent to have printed at this point in the body of the RECORD a copy of his letter to Governor Hoegh, of Iowa, a similar letter having been sent by Governor Freeman to Gov. Joe Foss, of South Dakota, Gov. Norman Brundsdale, of North Dakota, and Gov. Walter J. Kohler, of Wisconsin.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 3, 1955.

GOV. LEO A. HOEGH,

State Capitol, Des Moines, Iowa.

DEAR GOVERNOR HOEGH: Enclosed herewith you will find a copy of a press release and a resolution, the contents of which I believe are self-explanatory. I know that you and the people of Iowa share the same deep concern that we of Minnesota feel regarding the progressive restrictions preventing us from competing in various milk markets throughout the United States.

We of the upper Midwest are blessed with an efficient and productive dairy industry. Yet we find ourselves in a position where we are progressively excluded from milk markets where we could sell a cheaper and better product than the presently favored and protected suppliers. The present restrictions, both in the nature of arbitrary and unreasonable sanitary regulations and also by way of "gimmicks" which have been added to milk-marketing orders, seriously penalize our efficient producers, hurt the United States as a whole, and in addition are, I believe, unconstitutional.

We of Minnesota therefore propose to institute legal action, both in the courts and through appropriate administrative channels, and also to urge the passage of necessary corrective legislation by the Federal Congress.

We would like to invite you of Iowa to share with us in this effort. I would be most happy to review this matter with you personally or confer through my agricultural advisers with whomever you might designate from your State to look into this matter.

I predict our efforts to correct the present injustices will be long and a sometimes bitter battle. Nonetheless, our cause is just, and if we pursue it with vigor, I am sure we shall triumph.

Sincerely yours,

ORVILLE L. FREEMAN,
Governor of Minnesota.

Mr. HUMPHREY. Mr. President, Governor Freeman and the junior Senator from Minnesota have discussed this situation at great length, both before and since his election, and have determined upon a course of action which we believe is only justice to the Midwest.

Governor Freeman has my hearty backing in this effort, and will have my energetic support. Amendments to

the Marketing Act, to carry out these objectives, are now being prepared. I shall welcome having the Senators from Iowa, North Dakota, South Dakota, and Wisconsin and other States join me in introducing the bills which will incorporate these amendments to the act, as soon as they are completed.

However, I want to join Governor Freeman in making it clear that we are not opposed to the principle of Federal market orders, and do not want them abolished. We believe in economic protection for all dairy producers, everywhere. We do not want to see any return of the demoralized price situation which was responsible for creation of the marketing orders in the first place.

We only want safeguards to protect against monopolies which encourage local production beyond its normal expansion, and against having fluid milk priced so high in our big cities so as to hamper consumption.

All that we are seeking is that the price for fluid milk be reduced whenever the production in the milkshed is in excess of the market requirements of the area.

Mr. President, I desire now to refer to another subject.

THE PRESIDING OFFICER (Mr. THURMOND in the chair). The Senator from Minnesota has the floor.

HOUSING CENTER PAYS CITY \$14,249

Mr. HUMPHREY. Mr. President, I hold in my hand an article, published in the Minneapolis Star of recent date, and bearing the headline "Housing Center Pays City \$14,249." I ask unanimous consent that the entire article be printed at this point in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOUSING CENTER PAYS CITY \$14,249

A total of \$14,249.68 was paid by the Minneapolis Housing and Redevelopment Authority to Hennepin County in lieu of taxes for the Glendale public low-rent housing development in southeast Minneapolis between October 1, 1952, and September 30, 1954.

A. C. Godward, executive director of the authority, so informed the city council today by letter.

In 1950, prior to creation of the project, private homes in the area produced a tax return of \$2,957.19, Godward reported.

In 1954, the authority paid a total of \$7,124.84 in lieu of taxes, he said.

Mr. HUMPHREY. Mr. President, I make note of the fact that, according to the article, in 1950 prior to the creation of the housing project, private homes in the area produced a tax return of \$2,957.19; and in 1954, the authority paid a total of \$7,124.84 in lieu of taxes. It now appears that during the 2 years the sum total of \$14,249.68 has been paid, which I may say proves the sound economics of an effective housing program, and proves that even though the Federal Government may be helpful in this matter, the local and State governments actually benefit from the expenditures which are made.

UNIVERSAL MILITARY TRAINING

Mr. MARTIN of Pennsylvania. Mr. President, on Monday, February 21, I placed in the daily RECORD—where it appears on page A1097—an address delivered by Brig. Gen. L. V. Hightower, on the subject of training a modern army.

In order that we may have trained men remain with the service, it seems to me that it is necessary to have universal military training. This is fair and it is American.

The Gallup poll made a poll of the women of the United States, as to their attitude on universal military training, and this report has been printed by the American Legion.

The report is so important, that I ask unanimous consent that it be printed in the body of the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

Seven out of every 10 Protestant women and 8 out of every 10 Catholic women are in favor of UMT (national security training) legislation, according to the latest poll by Dr. George Gallup, director of the American Institute of Public Opinion at Princeton, N. J. The principle of UMT has been approved by the general public, Dr. Gallup states, in more than a score of institute surveys since 1942. The survey of February 20, 1955, says: While women leaders of the Methodist Church have undertaken a campaign to enlist their members to oppose UMT, a nationwide survey conducted by the institute finds that 7 out of every 10 Protestant women favor the proposed defense measure. Among Catholic women, the figure is higher still—with more than 8 out of every 10 in favor. A smaller ratio in favor was found among women of the Jewish faith reached in the survey, with nearly 6 out of every 10 approving universal training in principle. Nationwide, the vote in favor of UMT today is 73 percent with 22 percent opposed and 5 percent expressing no opinion. Today's vote by religious preference is:

WOMEN

	Protestant	Catholic	Jewish
	Percent	Percent	Percent
Favor.....	70	81	59
Oppose.....	24	17	31
No opinion.....	6	2	10

MEN

Favor.....	75	82	81
Oppose.....	22	13	16
No opinion.....	3	5	3

PRODUCTION OF BURLEY TOBACCO

Mr. CLEMENTS. Mr. President, at the present time a joint House-Senate Subcommittee on Tobacco, from the House and Senate Committees on Agriculture, is meeting to try to reach a decision on proposed legislation and other administrative steps which may be taken or should be taken to alleviate a situation which is presently found to exist with respect to burley tobacco. There is on hand nearly a 3½-year stock, when a sound program would call for only about a 2.6 or 2.5 years' supply.

There were 2 fine statements made this morning before the joint committee, 1 by Mr. Randolph S. Taylor, executive secretary, Burley & Dark Leaf Tobacco

Export Association, Inc., and 1 by Mr. Burl S. St. Clair, president of the Kentucky Farm Bureau Federation.

I ask unanimous consent that the statements may be included in the RECORD as a part of my remarks.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY RANDOLPH S. TAYLOR, EXECUTIVE SECRETARY, BURLEY & DARK LEAF TOBACCO EXPORT ASSOCIATION, INC., BEFORE JOINT HOUSE-SENATE SUBCOMMITTEE ON TOBACCO, MARCH 10, 1955

My name is Randolph S. Taylor. I am executive secretary of the Burley & Dark Leaf Tobacco Export Association, Inc. This is a federated trade association with offices here in Washington having as its members associations of growers, dealers, warehousemen, and farm organizations from the eight-State burley tobacco-producing area. The primary objective of the association is to promote the use and sale of burley tobacco in domestic and export channels.

The critical situation facing growers of burley tobacco was outlined in detail to your committee by witnesses of the Department of Agriculture last week. Briefly and bluntly it can be summarized simply as a situation where we have too much tobacco in the face of a down-turn in domestic consumption, with 442 million pounds, including one-third of the 1954 crop, under loan to the various growers cooperative associations. In fact, if there were not one single pound of burley tobacco produced during the year 1955 our supply situation at the beginning of 1956 would only then be at about the desired level. The paramount question facing all of us who are interested in the commodity is therefore one of finding a suitable orderly solution to the problem which will save the program and at the same time prevent economic disaster in the areas where it is grown.

I desire to submit for your consideration a three-point package legislative proposal which I sincerely believe will accomplish the objective we all desire. I shall list the proposals involved and discuss each one individually.

PROPOSAL NO. 1

The Secretary of Agriculture should be given legislative authority to redetermine the 1955 burley tobacco quota and individual farm acreage allotments on the basis of the most recent statistical data available provided that the additional reduction for 1955 shall not exceed 15 percent.

Comment

Present legislation does not permit the Secretary to further decrease a quota previously announced. Due to the drastic change in the supply situation now as contrasted with last November the Department of Agriculture in testimony before this committee has requested the authority to take this action and has indicated that the additional reduction in acreage might be as much as 25 percent. The Eight State Burley Tobacco Committee, various associations of growers, farm organizations and other groups have recommended this action. Everyone with whom I have talked considers this action absolutely necessary in order to spread out the needed reduction over a 2-year period and in order to avoid a reduction in 1956 of such proportions as to wreck the program and completely cause economic ruin to the principal burley tobacco producing areas. The proposal for the 15 percent limitation will be recognized as a moderate approach in developing a means of softening the reduction insofar as practicable for 1955.

PROPOSAL NO. 2

Notwithstanding any other provisions of present law legislation should be enacted to

permit a reduction in allotments of 0.7 acre or less provided such reductions for these allotments are limited to a maximum of 0.1 acre per year.

Comment

This proposal brings up the touchy minimum acreage allotment controversy which has been troubling the program since 1947 and which in my considered opinion has contributed more than any other single factor to our present serious situation. Among others present in this room today I had a small part in urging the enactment of this minimum legislation in the spring of 1944.

It is perhaps ironical that legislation designed and enacted by Congress to continue the program has now evolved into a vehicle to destroy it. The 1-acre minimum allotment for burley tobacco was enacted in March of 1944 as a wartime measure to increase production and continue the program at that time. Simply, it provided that for any farm having a 1943 acreage allotment of less than 1 acre the allotment for 1944 would be increased to 1-acre subject to certain limitations relating to the acreage of cropland in the farm. You will remember that this was during World War II and that all other farm programs had been suspended except those designed to increase or encourage production of food and fiber crops. I would like to read to you the preamble of the legislation as enacted by Congress in the spring of 1944 as Public Law 276.

"Whereas the increased demand for cigarettes and other tobacco products has resulted in record usages during recent years of burley tobacco; and

"Whereas due to a shortage of labor and equipment and the need for the production of essential food and fiber crops, the production of burley tobacco has not kept pace with this increased usage; and

"Whereas small growers of burley tobacco could, if their acreage allotments were increased, produce additional burley tobacco without adversely affecting their production of essential food and fiber crops: Therefore be it resolved—"

I am sure you will agree that the condition outlined then is vastly different from that facing us today. There is evidence to show that this legislation accomplished the desired objective. Production was increased and the quota acreage allotment program was maintained without interruption. Public Law 276 was in the light of the circumstances that followed mistakenly enacted as permanent legislation. At the time of its emergency passage no one could foresee an end to the worldwide conflict in which we were then engaged.

No reductions in allotments were made for the year 1945 but by 1946 when it was realized that a reduction in allotments was necessary it became evident to many of us that some action was needed with respect to revision of Public Law 276. The first such legislative action came in that year when Congress kept the legislation but for the year 1946 only permitted 1 acre allotments to be reduced by 10 percent which was the same reduction applied to all other allotments in that year.

In 1947 a further decrease in acreage allotments of 19.6 percent was invoked with the reduction applying only to allotments above the 0.9-acre level. By this time the group of protected allotments had increased to an estimated 150,000 or an estimated 50 percent of the total number. Since the 19.6 percent reduction for 1947 applied only to that 50 percent of the allotments of 1 acre or more the actual overall reduction obtained in total allotted acreage amounted to less than 16 percent. Thus the first seeds of inequity, injustice, and unfairness were sown.

During the following 3 years 1948, 1949, and 1950 a further reduction of 16.1 percent was imposed on all growers having allotments in excess of 0.9 acre. No reduction was made during any of these years to the

ever-growing protected minimum acreage group. By this time the size of the protected group had increased to an estimated 56 percent of the total. As in 1946 the 16.1-percent reduction for these 3 years resulted in only an 11-percent reduction overall, all of which came from the unprotected 44 percent of the growers. Thus was the second inequitable action taken.

In 1951 an 11-percent increase was proclaimed which was applicable to all allotments including the 58 percent having allotments of 0.9 acre or less. This action forcefully illustrated that the small growers were protected from decreases but shared in all increases. This particular procedure, which seemed proper and justified to me, nevertheless caused much criticism and comment from growers having allotments of 1 acre or more and therefore can be listed as inequitable step No. 3.

A change in farm acreage allotments was not necessary for the year 1952 and it was during this year that the Congress approved a revision in the minimum acreage level to its present figure of 0.7 of an acre. Therefore the acreage reductions which were necessary and taken successively for the years 1953, 1954, and the 10 percent previously announced for 1955 have all been taken on an equitable basis. These three reductions have reduced the protected 1-acre allotment group to a present level of 0.7 of an acre. This group which is not subject to further acreage cuts now totals 207,000 growers or 64 percent of the total allotments established. The remaining 36 percent of growers whose allotments are in excess of 0.7 of an acre must therefore, under present legislation, completely absorb the entire 50 percent plus reduction which the Department states now appears necessary for 1956.

I have had the pleasure to have been closely associated with the present quota program since its inception in 1938. I have had active participation and experience with the program at the farm, county, State, and Washington levels during the last 17 years. It is on the basis of this experience that I repeat my previous statement that it is my considered opinion that the minimum acreage provisions of the program—more than any single other factor—is responsible for our present situation. I firmly believe that the principle of treating one group of farmers different from another is fundamentally unsound in a production-control program. The average burley allotment for 1955 is less than 1.2 acre. The establishment of a protected group of farm allotments constituting 64 percent of the total at a level of 60 percent of the average for all allotments completely removes the possibility of an equitable or effective production-control program under circumstances existing today.

I sincerely believe that circumstances such as this have created a feeling about the program which has set the stage for the condition we have at present with a host of excess producers, numerous hidden fields, cases of improper destruction of tobacco, lax measurements, and an overall letdown in field administration generally. We have increased yields more in burley tobacco than in any other type. I suggest the possibility of less emphasis having been placed on this endeavor had not many producers felt that something had to be done to overcome what they believed to be a matter of inequitable treatment.

The net result of this condition of a feeling of inequity and injustice associated with the minimum-acreage allotment procedure has had serious consequences. It has provided the basis for misunderstanding and resentment among farm neighbors, among communities, among counties and States producing this commodity. It has prevented the realistic proclamations of acreage reductions or increases. It has prevented all of us, as a group, growers, warehousemen, dealers, farm organizations, and the Govern-

ment, from having a common ground on which to meet and work out agreeably and satisfactorily the solutions to our problems as they have arisen.

I have yet to find a single person who is thoroughly acquainted with the program that will admit to me privately that the minimum-acreage provision of the program is sound. Some of the national farm organizations for many years have had resolutions opposing minimum-acreage provisions. No other type of tobacco has a minimum-acreage allotment. Yet there are other types with successful quota programs and with smaller average acreage allotments.

The suggestions embodied in proposal No. 2 are offered for your consideration from an understanding, practical viewpoint, and in a definite spirit of compromise. They are equally fair to large and small growers alike. The proposal as recommended would for the large present 0.7-acre group of growers place the minimum acreage at 0.6 acre for 1955 and 0.5 acre for 1956. It is my sincere feeling that in 2 years' time under this equitable, fair approach that we will have the program in hand to the point that further acreage reductions will not be necessary.

PROPOSAL NO. 3

Notwithstanding other provisions of law, the Secretary should be directed to conduct a referendum in the regular manner among growers by May 1, 1955, to secure their approval or disapproval of the actions recommended for the 1955 crop year under proposals 1 and 2.

Comment

Under present legislation the next referendum in burley tobacco will be held this fall for the crop years 1956, 1957, and 1958. The quota program for 1955 has previously been approved by the growers with the understanding that allotments of 0.7 acre or less would not be reduced. Even if legal, to my mind it would not be morally right to change the rules in the last part of the game without approval of the growers. This proposal would place responsibility for acceptance or rejection of the matter exactly where I feel it belongs—on the grower himself. I submit to each of you that this is the only proper, fair way for action of this kind to be taken.

CONCLUSION

I am fully aware of the economic situation facing burley tobacco growers. Contrary to the ideas of some people, it will affect all areas alike. It is not a one-sided or big grower versus small grower problem. In the final analysis, all growers are small. About 90 percent of all tobacco grown on the larger-allotment farms is produced by tenants. The tenants' average share of the crop for the entire burley belt is less than 1 acre. A 50-percent reduction in the allotment for these farms can only result in 1 of 2 alternative actions as far as the tenants are concerned. Their shares in these crops will be reduced to approximately a half acre or, and this is more likely, about one-half of the thousands of tenant farmers will be entirely displaced from the only occupation they know—the growing of tobacco.

The three proposals submitted to you today have been thoroughly checked with various leaders in the industry as well as informally with representatives of the Department of Agriculture. In each instance they have indicated that they believe that the proposals are sound. No claim is made for their completeness nor is it suggested that other proposals might not work. There is no pride of authorship. On the contrary any suggestions containing helpful additions or changes will be welcomed.

May I emphasize the fact that I recommend the adoption of all three proposals as a unit. Adoption of proposal No. 1 without adoption of proposal No. 2 will only serve to aggravate and intensify an already trouble-

some situation. Adoption of proposals 1 and 2 without adoption of proposal No. 3 would result in what I believe to be unfair treatment of growers.

I sincerely feel that these proposals, if all are adopted, coupled with an increase in the penalty rate, removal of credit for overplanting, identification of red-card tobacco and other administrative actions which the Department has stated can be taken to tighten up the program will present a fair and equitable solution to the problem which the growers will overwhelmingly approve. In closing may I suggest to you that it is the responsibility of all leaders in the industry, working with the Congress, to develop a sound workable program. It then follows that it is the responsibility of the growers to accept or reject the program through the democratic process of a referendum vote.

STATEMENT BY BURL S. ST. CLAIR, PRESIDENT OF THE KENTUCKY FARM BUREAU FEDERATION, BEFORE SUBCOMMITTEE ON BURLEY TOBACCO, REPRESENTING THE HOUSE AND SENATE AGRICULTURAL COMMITTEES, MARCH 10, 1955

The Kentucky Farm Bureau commends the Senate and House Agriculture Committees for recognizing the seriousness of the present Burley tobacco situation. We appreciate this opportunity to appear before this committee with regard to our suggestions as to how we think some of these problems confronting the Burley grower today can be solved.

The Kentucky Farm Bureau Federation is composed of 74,007 farm families. It is an independent, nongovernmental, self-financed, family organization, founded for the purpose of protecting and promoting the best interests of farmers in the State of Kentucky.

Several years ago we conducted a survey of our membership and found that 86 percent of the farmers in Kentucky who belong to the Farm Bureau list tobacco as their major cash crop. We feel that we would be doing something far less than our duty if we did not seek to appear before this group with positive, workable suggestions that may be put into action for the purpose of helping the Burley farmer in his present dilemma.

We know that this committee has before it factual information regarding stocks of Burley tobacco on hand and the reasons for the surplus supply. As most of our recommendations are based on United States Department of Agriculture figures, we will not burden you with reiteration. Therefore, I present to you today the recommendations of the Kentucky Farm Bureau board of directors adopted at a special meeting held in Louisville March 3.

We favor continued acreage controls and we would supplement these controls with poundage quota, providing that a practical and workable figure can be reached as to what the pounds per acre would be. It is our opinion that any definite poundage to be proclaimed at this time without due consideration with tobacco authorities, Government and nongovernmental agencies and others in the industry, would be indefensible.

We favor necessary legislation from Congress to cut further the present acreage allotments for 1955, in order that further tobacco surplus may be prevented.

Because of the inconsistencies now existing in regard to tobacco allotments, we favor legislation for the reduction of acreage allotments on a basis that would apply to all growers alike.

We urge that allotments given to new farmers be based on qualification of the landowner and not the tenant.

We ask that the penalty of 75 percent of previous year's average selling price be levied on excess tobacco.

We favor the further tightening up of the present burley program as far as administration is concerned. For example: The

training of persons responsible for measuring tobacco acreage by engineers and other college personnel; that one person be responsible for all measurements in each county; that all excess tobacco be destroyed in the field if this is at all possible; that enforcement measures should be taken in order that marketing cards should be presented at the scales when crops are weighed and that no tobacco crop will be weighed without a marketing card; that necessary measures be taken to change the amount allotted for acreage adjustment and the amount allotted to new growers from one-half of 1 percent to one-tenth of 1 percent; that the total "cropland" and "facilities" provisions of the present law be enforced to require strict compliance by so-called town-lot growers.

We believe that these suggestions and recommendations would be beneficial to the tobacco farmer with no unjust hardship on any segment of the industry. We appreciate the opportunity to appear before this committee today and we certainly hope that our program will be seriously considered by this subcommittee. Thank you.

FEDERAL HIGHWAY PLAN

Mr. BYRD. Mr. President, I ask unanimous consent to have printed in the body of the RECORD certain editorials and articles in regard to the Federal highway plan.

There being no objection, the editorials and articles were ordered to be printed in the RECORD, as follows:

[From the Malone (N. Y.) Telegram of January 29, 1955]

NATIONAL HIGHWAYS

Nobody will argue with the President when he says that the United States is caught in a traffic jam. But several objections are being fired at the details of the White House \$100 billion program to get the Nation out of the jam.

Very shortly the President will send his program to Congress for action. Motorists, bus riders * * * just about all of us * * * have a stake in this Federal highway program, so let's take a short look at it and some of the objections.

The American Automobile Association objects principally to the building of any more toll roads. This is part of the President's proposal. The New York State Automobile Association says this State should not rely on the national program. The State should go ahead and spend the proposed \$50 million agreed on by both parties at Albany, says the NYSA, making sure that any increase in motor fuel taxes is used to pay for better roads.

Senator HARRY BYRD, Virginia Democrat, who now heads the Senate Finance Committee, also has an objection. He doesn't like the idea of tying up the revenues from Federal taxes on motor-vehicle fuel to pay for highway bonds. The Senator suggests that these Federal fuel taxes be cut so that the States can raise their own taxes on gasoline and diesel oil. That way, he says, the States can build these roads and control them. His idea is undoubtedly good, so far as it goes, for the bigger, more populous States. But will the smaller States be able to pay for their share of the roads they will need to carry the 80 million vehicles that will be crowding them within 10 years?

Even Senator Byrd and the group that support his distaste for the financing plans of the President's program do not come out flatly and say we do not need a national net of superhighways. That would be something like saying we do not need peace on earth. There seems to be recognition that we as a nation have committed ourselves to living on wheels. The problem is bigger

than the ability of the separate States to cope with it. Whatever is done in this Congress to the President's program, if the alterations result in putting off the solution, may be regretted by the whole Nation. Details may be altered, but some national program should be started.

[From the Garden City (Long Island, N. Y.) Newsday of January 22, 1955]

DEBT BY DEFINITION

Senator HARRY BYRD, the Treasury watchdog, has raised violent and valid objections to the \$101 billion Federal-State road building plan which the President is expected to submit to Congress next week.

BYRD is well qualified to speak. He is an expert on finance, and under his leadership Virginia has built—and paid for—thousands of miles of first-rate roads.

Under the road-building plan, the result of work by a committee headed by Gen. Lucius Clay, the Federal Government would continue its present aid-to-highways program at the rate of \$623 million a year, and spend, in the next 10 years, an additional \$25 billion on a 40,000-mile interstate highway system.

To raise the money, the Clay committee proposed that a Federal highway corporation be established and issue \$20 billion in 3-percent bonds, maturing in 1987. Another \$5 billion would be raised by fees from gas stations and motels operating on the right-of-way.

The rest of the money would come from States and localities through which the roads pass. No mention is made of how the States are supposed to raise their \$70 billion share.

Let it not be said that we—or BYRD—are against road construction. The Nation is in desperate need of highways, not only to meet current demands but also to be ready for the vast increase in car and truck use expected in the future. Our highways are 25 years behind the times. The Nation must spend a great deal of money, and must spend it now.

VIOLENT ASSUMPTION

But the Clay suggestions, as BYRD points out, are not the way to raise and spend the money.

Interest of the bonds alone would run to \$11.5 billion, assuming that they can be sold at 3 percent and can be paid off on schedule. And, as BYRD says, "Based on all recent Federal experience, I submit it as a violent assumption to predict these bonds will be paid off at maturity. In effect, we have not paid off a single dollar of Federal debt in 25 years."

Just as bad is that the plan is a subterfuge to get around the Federal debt ceiling. The bonds, technically issued by a separate corporation, are not added to the Federal debt, yet appropriations would be required from Congress each year to meet the payments on them.

"You cannot avoid financial responsibility by legerdemain," BYRD says, "and you cannot evade debt by definition." The citizens will have to pay no matter what you call it.

BYRD'S PROPOSAL

Far better than the Clay plan is a program devised by BYRD. He suggests that the 2-cent a gallon Federal gas tax be repealed so that the States can reimpose it. The money would be earmarked for roadbuilding. The present Federal-aid-to-highways program should be maintained. This would be financed, instead of from general revenues as at present, from the existing tax on lubricating oil and from a half-cent gas tax.

Under BYRD's plan, the States would control their highway development, the \$11.5 billion interest would be saved, and plans could be flexible to meet new problems. His proposal would also keep the Federal debt

down and preserve the integrity of the budget system.

This is a far better plan. Those who use the roads would pay for them. And from reliable estimates, it would result in more roads faster.

[From the Binghamton (N. Y.) Press of January 27, 1955]

HIGHWAY PLAN STRONGLY OPPOSED

President Eisenhower's message on his 10-year \$101,000,000,000 highway program has been postponed until next week to permit completion of congressional action on the Formosa question. But even before formal presentation, the program faces strong opposition. Opponents call the proposal to issue non-Government bonds amortized by tax revenues "trick financing" and a devious device to evade the Federal statutory debt limit.

Leading the opposition will be Senator F. BYRD (Democrat, Virginia), chairman of the Senate Finance Committee, whose career has been one of constant striving to reduce Government waste and extravagance.

The President's expected program calls for "modernizing the key 40,000-mile national system of interstate highways." The Federal Government would continue for 10 years its regular aid to States, at the rate of \$600 million a year. The State and local governments would spend approximately \$70 million over the 10 years.

In addition to its regular contributions to State governments, the Federal Government would spend an additional \$25 billion on interstate highways. Some \$5 billion of this would come from licenses—filling stations, motels, restaurants and the like—on the rights-of-way. The remaining \$20 million would come from 30-year, 3 percent bonds issued by a Federal highway corporation.

These bonds would be guaranteed by the United States Treasury, but the debt represented would not be included in the public debt under obligations guaranteed by the Government. Annual payments would be met by appropriations by Congress out of "the revenues which the Federal Government will derive from the motor vehicle fuel and lubricating oil taxes projected at the present rates."

Senator BYRD charges that the bond plan would mean "operating the Government on two sets of books: one set for activities financed by borrowing outside the (public) debt and expenditures outside budgetary control, and the other set for activities financed by borrowing on the record and expenditures under budget control."

He charges also that the bond plan would "dry up gasoline tax revenue for 20 years, from 1966 to 1987," although these revenues would not be specifically earmarked for debt retirement by Congress. And he points out that the aggregated interest charges on the bonds would run to more than \$11,500,000,000, or 55 cents on the dollar.

As an alternative, Senator BYRD proposes that the present 2-cents per gallon Federal gasoline tax be reduced to one-half cent, enabling the States to impose higher taxes to take up the difference. Then, aside from continued regular Federal aid to the States on a matching basis, road construction would be a State responsibility. Says Senator BYRD:

"States would retain as much control over their roads as they have had in the past; \$11,500,000,000 interest would be saved for additional road construction; and road revenue would be evenly distributed over future years to keep highways modernized to meet changing conditions."

Senator BYRD's points become the more cogent with current proposals that the Tennessee Valley Authority and school facilities on a nationwide scale be financed with non-Government bonds given Government guar-

anties, but not counted in the public debt. Such financing would certainly open the door to limitless Government fiscal irresponsibility with ultimately disastrous consequences in inflation.

With inadequate highways, the Nation is caught in a costly and murderous traffic jam. But a solution more conservative than one that could end statutory control of public debt is required.

[From the Reno (Nev.) State Journal of January 21, 1955]

NEW BORROWING GIMMICK

By now people may be understandably confused concerning the new expenditures contemplated under the President's proposed 10-year highway program.

At one point the program is referred to as a \$101 billion undertaking. At another point it's called a \$50 billion project. Actually the confusion occurs because the contemplated new expenditures are lumped together with existing highway spending which would continue regardless of what happened to the President's plan.

As matters stand highway spending at all levels of government would total \$47 billion in the next 10 years without reference to the President's proposal. But the President's plan calls for an additional \$25 billion of federal spending in the next 10 years and an added \$29 billion of spending by the States, cities and counties.

The Federal Government's \$25 billion would be raised by bond issues to be retired by congressional appropriations. For book-keeping purposes the bonds would not be considered a part of the public debt and therefore they would not bump into the statutory debt limit. But regardless of definition they certainly would be a public obligation as long as their retirement depended on congressional appropriations, and that's why Senator BYRD is skeptical.

The committee which conceived this scheme refrains from recommendations as to how State and local governments should go about raising their \$9 billion. It is not clear whether the committee is being considerate of the States and cities or simply does not know what to propose.

The recourse open to the Federal Government in financial matters is not open at the lower levels of government. States, cities, and counties must deal in actual money raised by taxes. And this applies to the taxpayers who must pay the taxes. They cannot spend regardless of revenues as the Federal Government does and leave the rest to borrowing and inflation.

[From the Manchester (N. H.) Union-Leader of January 22, 1955]

AN UNSOUND EVASIVE PROGRAM

Senator BYRD, chairman of the Senate Finance Committee, has sized up President Eisenhower's multibillion road program exactly, when he labeled it as unsound, a defiance of budget control, and an evasion of the Federal debt law.

This proposal drafted by an advisory committee is expected to be transmitted to Congress by the President. It suggests using \$31 billion of Federal funds in a road program over a period of 10 years. Twenty-five billion would be employed to construct 40,000 miles of interstate highways. Of this amount, \$20 billion would be sold by a Federal corporation in 30-year, Government-guaranteed bonds at 3-percent interest. The other \$5 billion would be paid by fees, taxes on filling stations and motels, and by tolls. The remaining \$6 billion of the thirty-one would go as highway aid to the States.

Meanwhile, the States would be asked to shell out \$70 billion for the program—making a total of \$101 billion. And the whole thing would be kept outside the Federal debt limit.

Senator BYRD has revealed that unsoundness of this proposal:

(1) He points out that 30-year bonds would cost the taxpayer more than \$11½ billion. This would mean that every dollar borrowed eventually would cost \$1.55. Meanwhile there is no assurance that the bonds would be paid off as they came due, which would mean that they would cost still more.

(2) The proposal to exclude the bonds from the regular Government debt figure is an outright deception. This is a game the Eisenhower administration is promoting today—to split Federal finances into two parts. One part would cover receipts and payments of social security and other trust funds, and capital items like the construction costs of post offices and office buildings—all of which would be left out of the budget. Thus a doorway would be opened to pile endless outlays on the taxpayer without giving them formal recognition.

The budget today is a crushing burden. One-fifth of the national income goes into Federal taxes. Yet President Eisenhower would add to this burden by establishing a method of Federal spending outside the budget. This would still add to the load on the taxpayer by a system of double book-keeping. One set of books would be balanced, while the deficit was concealed in the other. The net result would be to wipe out the prospect of ever achieving a balanced budget. The Government has not paid off a single dollar on the Federal debt for 25 years and the Eisenhower administration now tries to invent a game of delusion whereby Federal extravagance can be multiplied. The whole affair surely is preposterous.

[From the Boston (Mass.) Evening Globe of January 28, 1955]

A BATTLE LOOMS

Echoes of one of the oldest conflicts of political opinion in the history of the United States are beginning to resound in Washington and throughout the country in the wake of President Eisenhower's proposed \$101 billion ten-year highway building proposals. Deep division of views about what, in the days of Jefferson and Hamilton, used to be called "internal improvements" has appeared once more.

The essence of that ancient quarrel is not in the least mysterious. On the one side stand those who would bar the Federal Government from any domestic activity which the States are presumably able to handle themselves. On the other are alined those who insist that changed times require different approaches.

One of the oddities of this situation is that the project comes from an Administration strongly committed to taking the Federal Government out of State concerns. The President's program not only would boost spending \$54 billion above the sums which the Congress normally would appropriate for Federal help in roadbuilding during the coming decade. It also would call upon local and State agencies "to chip in" \$70 billion more.

According to the Congressional Quarterly, that would be 80 percent or \$39 billion more than the 48 States contemplate spending in line with their present highway construction plans during the next decade. Just where they would acquire this sum, the Federal plan does not say, though official Washington believes the States "would meet the challenge."

Another little-noted fact is that the plan envisages the building of not a single mile of new highways. Those who picture great new transcontinental roads emerging at the end of a decade of construction are in error. The plan entails only the reconstruction and widening of the existing network of primary, secondary, and rural roads and municipal links in trans-State arteries.

Critics suggest that this, to the politically mature, amounts to a wholesale invitation to local extravagance. The Federal plan also grants special consideration to States willing to expand the building of toll roads. The American Automobile Association sees in this a step toward rapid reduction of free highways in America. They suggest that there be a restudy of the history of toll roads in this country during the early 19th century, when similarly bright expectations collapsed.

Perhaps the stiffest criticism comes from "States righters," such as Senator HARRY F. BYRD, of Virginia, who says the President's program would "violate financing principles, defy budgetary control, and evade the Federal debt law." Senator BYRD insists that the proper way to speed modernization of our countrywide road system is for the Federal Government to get out of the gas-tax picture and let the States go ahead with the local tax margins thus returned to them.

There is a total of 3,366,190 miles of highways in the United States today. Over that system roll 56,279,864 registered cars of all types, carrying 89 percent of all farm products to market, 75 percent of all livestock, 90 percent of our milk supply, 94 percent of our vacationists and 63.5 percent of all workers going to their jobs.

Here assuredly is one of the half-dozen basic factors in America's day-to-day economy.

As an offset against depression, a "pump-priming public works plan," and as a planned easement of growing traffic problems, the administration's highway building project has plenty of supporters. The only certain fact about its prospects now is that it faces a fast and furious battle in the Congress.

UNCLE DUDLEY.

[From the Fitchburg (Mass.) Sentinel of January 18, 1955]

NEW HIGHWAY PROGRAM

Under the massive roadbuilding program proposed by President Eisenhower's Advisory Commission on Highways, some \$101 billion would be spent for modernization and expansion over a 10-year period by the Federal Government, States, and other levels of jurisdiction. Actually the committee recommends that the Federal Government take over virtually the complete obligation for the so-called interstate highway system (abolishing the 60-40 Federal-State matching requirement in this program) and that it be financed by methods which are thoroughly unsound.

In the first place, how can we assume what we will need in 10 years? It is possible that the automobile as we know it now will be all but obsolete. The railroad and the waterway once provided all long-distance travel, and the need for the hard-top road did not come into being until comparatively recent years with the advent and growth of the automotive industry. New modes of travel are supplemented by the airplane, and who knows to what great position of strength it will have arrived in a decade? Moreover, as we grow, population shifts, and the impact on specific roads changes, and therefore our road needs shift and change. There is no such thing as a permanent road because no one can predict years in advance what roads will carry the most traffic.

Aside from this consideration, there is the question of raising roadbuilding funds. The committee has suggested that a portion of the program be financed through a Federal corporation which, without either assets or income, would borrow \$20 billion from the public. The Treasury, under a contract with the corporation, would guarantee the corporation's bonds, but the debt would not be included in the record of obligations guaranteed by the United States. Annual appropriations to meet principal and interest payments would be requested, but the request could not be refused or reduced by

the subsequent Congresses, for 30 years, if the faith and credit of the Government were to be honored. If financial difficulty should develop at any time, the corporation with no further authorization could make mandatory calls upon the Treasury for amounts up to \$5 billion outstanding at any one time.

If the Federal Government can borrow money for roads in this manner, without regarding it as debt, and spend it without budgetary control, it may be expected that similar proposals will be made for financing endless projects. The Government would then be operating on 2 sets of books—1 for activities financed by borrowing outside the debt and expenditures outside budgetary control, and the other for activities financed by borrowing on the record and expenditures under budget control. But regardless of all attempts at camouflage or legerdemain, the obligations of the Federal Government and all its citizens still remain; the responsibility is still that of the taxpayer. And when the Government contracts a bona fide debt, but removes it from classification as public indebtedness, it creates fiscal confusion and disorder, and destroys confidence in Government credit.

Senator HARRY F. BYRD, of Virginia, rightly brands the plan as one that violates financing principles, defies budgetary control, and evades Federal debt law. Further he states: "Based on all recent Federal experience, I submit it is a violent assumption to predict these bonds will be paid off at maturity. In effect, we have not paid off a single dollar of Federal debt in 25 years. Continuing increase in the Federal debt is in prospect for an indefinite period. And it is certain that the system will be thousands of miles greater than contemplated in the committee report." Senator BYRD says that he has a plan, to be disclosed in detail momentarily, that will avoid increasing the public debt and preserve the soundness of the Federal budgetary system.

Another objection to the committee's Federal road program: every Federal grant elevates the control of the Federal Government and subordinates the authority of the States. Under the proposed plan, a Federal agency will determine the location of the interstate road system, will fix the number and location of access roads, will fix fees for filling stations, motels and restaurants located along the rights-of-way, and will control construction standards. Time and time again the iron hand of the Federal bureaucracy has bent the States to its will because of Federal grants. And the unhealthy trend in this direction is evidenced by the fact that in 1934 the total of such grants was \$126 million for 18 grants-in-aid programs; now the total of Federal grants is \$3 billion for these programs.

The proposed highway program has served to set up a cry from other quarters for more Federal aid. For example, Dr. J. L. McCaskill, legislative director of the National Education Association, has asserted that President Eisenhower's highway-building program will discriminate against education unless similar help is provided for building schools. Pointing out that there is a 370,000-classroom shortage at the present time and that the NEA believes that \$1 billion in Federal money will be needed annually in the next 5 years to make up the deficit, Mr. McCaskill said that he fears some States will use money for highways that should go to the schools if Federal highway grants are expanded greatly without commensurate aid for school construction. After President Eisenhower submits his 10-year highway program to Congress January 27, he will send another message 17 days later dealing with school problems. He has not indicated whether his recommendations will include Federal aid for construction.

Federal aid, as we have emphasized many times, is a misnomer inasmuch as the Gov-

ernment has no money except that which is extracted from the taxpayer in one way or another. In the unbalanced budget for the 1956 fiscal year, expenditures will continue to outpace revenues even with the continuance of present taxes. And the budget estimates of tax receipts are based on expectations of an \$11,900,000,000 increase in personal income coupled with perhaps as much as a \$4 billion rise in corporate profits. This could be long-range planning with undue optimism.

[From the Quincy (Mass.) Patriot Ledger of January 18, 1955]

Senator HARRY BYRD, of Virginia, one of the most respected authorities on fiscal matters in the Senate and head of the influential Senate Finance Committee, calls the President's money raising proposal "thoroughly unsound."

Senator BYRD pressed for incorporation of the highway program in the regular Federal budget so we can see what we're getting. He also forecast that eventually the taxpayers would pay a total of 55 percent interest on the 35-year highway bonds.

Schools all across the Nation are in a deplorable condition—classrooms are overcrowded, there aren't enough teachers to go around and it looks as if things will continue to get worse unless a lot of new money is allocated to new school buildings and higher teacher's salaries.

The military budget has been trimmed drastically, and the President expects the total cost of the military budget to be about \$34 billion. And even this is only a hope since individual defense items actually add up to \$35½ billion. But Defense Secretary Wilson hopes to trim out the extra \$1.75 billion.

There are many in Congress who question the wisdom of these defense cuts, and believe the administration is sawing off its sword in the interests of economy.

Foreign aid would be about \$3.5 billion, of which about \$1.3 billion would be economic aid, the rest military. There was no designation of where this money is slated to go but Asia presumably would be in for a large share of it.

Many observers feel that this is not enough to save Asia from communism, and that we might some day regret penny pinching. Foreign Operations Administrator Stassen wants a Marshall plan for Asia, but he has been overruled by budget cutting Secretary of the Treasury Humphrey.

Despite this clamor, in some quarters, for higher spending there is the accompanying clamor, sometimes in the same quarters, for lower taxes. President Eisenhower disclosed that tax relief for fiscal 1955 amounted to \$7.5 billion but said that further relief this year was out.

Yet the national chamber of commerce has demanded lower taxes and meat-ax slashes in the Federal budget, and the Democrats are expected to press next year for a tax cut on individual income taxes.

It appears sometimes that nobody sees the contradiction between urging higher Government spending and demanding lower taxes.

What can be done?

For one thing, the Committee for Economic Development (CED) has urged some major changes in the way the Government frames the budget. It would have specific amounts in the budget allocated toward specific goals rather than to different departments, as is done now. It also has numerous other reforms designed to clarify the budget to make it easier to weigh programs against each other, and save money.

This seems to be a step in the right direction.

But there still exists the necessity for the American people to decide what specific

Government programs they want in preference to others, how much they want to spend and then to tax themselves accordingly.

We need new roads, we need new schools, we need continued investment capital, we need foreign aid and defense spending, we want a continuation of social services and veterans' aid—in short, we want practically everything.

But are we willing to pay for them? Or how much more do we want one than another?

Congress will make the decisions, but it will decide whatever it thinks the people want.

[From the Springfield (Mass.) Morning Union of January 26, 1955]

NATIONAL HIGHWAYS

A proposal has been submitted to the administration by a committee appointed for the purpose of financing a multibillion-dollar national highway system. The recommended provisions have been attacked by Senator HARRY F. BYRD, of Virginia, chairman of the Senate Finance Committee, as thoroughly unsound. Such criticism from a man of the stature of Senator BYRD deserves profound attention. One of the provisions of the report appearing especially obnoxious to him is that the bonds issued for the highway construction be not included in the regular Government debt figure, now approaching the new legal ceiling of \$281 billion.

The purpose of this proposed exclusion appears obvious and reminds one of the more flamboyant New Deal theories such as the statement by the late President Franklin D. Roosevelt decrying alarm over the skyrocketing public debt because "we owe it to ourselves." Pretending that the money is not owed by the expedient of keeping it off the official debt figures looks equally fallacious. As Senator BYRD says: "Count it as you will, as we spend more than our income we add to our debt. The least the Government can do, in fairness to taxpayers, is to keep books and accounts in a manner reflecting the true state of our fiscal affairs. When the Government contracts a bona fide debt, but arbitrarily removes it from classification as public indebtedness it creates fiscal confusion and disorder, and destroys confidence in Government credit."

The Senator declares such action would pave the way for endless outlays for building programs in education, hospitals, and public health, and would mean keeping two sets of books. "You cannot avoid financial responsibility by legerdemain," he says.

This program of high debt financing is scheduled to be submitted to Congress soon. It should be gone over with a fine-tooth comb, lest other undesirable provisions be contained in it.

[From the St. Joseph (Mich.) Herald-Press of January 20, 1955]

THOSE HIGHWAY BILLIONS

Most of us are as confused over the proposed 10-year highway program as we were in World War II when tire shortages and gasoline shortages were alternately assigned as the reason for A, B, and C stamps.

At one point the President's road program is referred to as a \$101 billion undertaking. In the next breath it becomes half that much.

The confusion arises because the contemplated new expenditures are lumped together with existing highway spending that would continue regardless of what happened to the President's plan.

As matters stand today, highway spending at all levels of government would total \$47 billion in the next 10 years without reference to the Presidential proposal.

Eisenhower suggests that the Federal Government chip in an additional \$25 billion, and that the State and local governments

add another \$29 billion. This proposal, added to the \$47 billion that would be spent normally, is the \$101 billion grand blueprint.

The Federal Government would create a corporation, float its \$25 billion in bonds and retire that debt by periodic appropriations from the Public Treasury. It is a book-keeping device to get around the statutory debt limits in the law books that already has drawn the fire of Senator HARRY BYRD of Virginia.

BYRD calls it a flim flam and even goes so far as to say that changing conditions make it impossible to spend very much into the future intelligently.

For what it may be worth it is interesting to note that toll roads play no outstanding role in the President's overall program. Washingtonian silence also covers the question of how the States and local governments could dig up \$29 billion.

So far the only definite item in the planning stage concern primary roads. The cost to salvage or revamp the secondary network would leave Senator BYRD and all of us completely speechless.

[From the Duluth (Minn.) News-Tribune of January 27, 1955]

NATION NEEDS ROADS, MUST PAY FOR THEM

American highways are about 10 years and 20 million vehicles behind the times. Publicity and controversy about modern toll roads keep some of us from seeing how many other kinds of toll roads we have. For a few you have to pay, in money, each time you use them. For thousands of road people pay in delays, frustration, excess wear on vehicles. From time to time there's a tragic special assessment, in the form of an accident which takes a life, or injures someone, or causes damage to property.

Our highway inadequacies are an ill-kept military secret. Any foreign spy who has the stamina to drive or ride in or near a large center of population can file a report exposing our vulnerability on this point.

Last summer President Eisenhower outlined a 10-year road development plan. Gen. Lucius D. Clay was appointed chairman of a special committee which reported earlier this month. The President is scheduled to submit his highway plan recommendations to Congress today.

We need roads. Those who use them must expect to pay for them. Starting from these simple, generally accepted facts, we might expect agreement to an expanded highway plan would be almost automatic. In sober fact, powerful opposition has made itself known—not to highways, but to some suggested methods of financing them.

The American Automobile Association fears that the Clay committee report might mire the road work down in politics of the pork barrel variety. Its spokesman agreed with part of the report, but attacks its toll road suggestions. He sees danger in Federal reimbursement of States for toll roads which become sections of the future interstate network. He cannot find that the Clay committee has said a word about making toll roads free at some future time. Without such a requirement, he says, the motorists become captives of the bondholders.

Senator BYRD, Democrat, of Virginia, chairman of the Senate Finance Committee, objects to a proposal to have a 30-year, 3 percent bonds issued by a Federal highway corporation. Bonds of that type, taxable like any others, but guaranteed by the Treasury, would not be included in the public debt. The Virginia Senator says this means two sets of books, and a repayment plan to absorb gasoline tax revenues for 20 years, from 1966 to 1987. Interest, over the years, would add up to 55 cents on the dollar.

As an alternative, Senator BYRD suggests that the Federal Government cut its gas tax demand from 2 cents a gallon to half a

cent, giving the States an opportunity to add the difference to their gasoline tax. Then, he argues, the States could push right ahead with highway construction.

Taxpayers in States which have no toll roads won't be ecstatic about financing such money extractors for other States, particularly on a tolls-forever basis. The BYRD objections emphasize something every installment shopper knows—that fewer and larger payments cut the total interest cost amazingly. But it's difficult to imagine 48 States or even 36 of them boosting their gasoline taxes and pouring all that money into a unified, coordinated highway plan.

The basic thought of a few years of intensified highway building, to meet national needs, is too valuable to lose in disputes over debt accounting, States' responsibilities or trick clauses in toll road charters. Congress shouldn't find it difficult to correct any road program to meet these objections.

[From the Red Wing (Minn.) Republican-Eagle of January 20, 1955]

HOCUS-POCUS BOOKKEEPING

People sit up and notice when Senator HARRY BYRD, of Virginia, takes issue with Government over financial matters. BYRD, who is a Democrat, made a name for himself during the 20 years of free-deal spending when he took his party and President to task time after time for questionable fiscal tactics. BYRD is one of those fellows who backs up his arguments with figures. And his figures, those who have questioned them have learned to their sorrow, will usually stand up under the most rigid examination.

Now Senator BYRD has attacked the money-raising formula proposed by President Eisenhower's highway committee for the so-called Interstate Highway System. He calls it thoroughly unsound. "Such procedures violate financing principles, defy budgetary control, and evade Federal debt law," he contends.

The Virginia Senator objects to the proposal for a Federal corporation which could issue \$20 billion in Government bonds. Congress would have to appropriate the money to pay the principal and interest. He bitterly attacked the methods to be followed by the Federal Government in assuming virtually the complete obligation for the highway system. He called them "unique and so far as I know thoroughly unsound." When Senator BYRD says a financial deal is thoroughly unsound, most people who know him and his ways are apt to be a bit alarmed. He isn't given to talking through his hat.

He objected particularly to a proposal that the highway corporation bonds not be included in the regular Government debt figure, which is already pressing against the legal debt ceiling. He said it would mean operating the Government on two sets of books. Spending more than our income means we are adding to the debt, BYRD pointed out. The least Government can do, in fairness to the taxpayers, is to keep books and accounts in a manner reflecting the true state of our fiscal affairs, he said.

Senator BYRD says there is no way by which Government can avoid financial responsibility, nor cover up obligations by hocus-pocus bookkeeping. The Federal Government and all its citizens will still be responsible for debt incurred by any method. Strange, isn't it, that so many otherwise sensible people seem to think there is some method of accounting that will dodge those responsibilities.

[From the Mexico (Mo.) Ledger of January 10, 1955]

THE DOLLAR THAT COSTS \$1.55

How would you like to pay \$1.55 for a dollar bill?

That is what Senator BYRD says you will pay if the President's highway committee has its way in financing new highways.

Here is the background:

Because highways pretty much throughout the Nation are failing to keep up with the number of cars, and the size and speed of modern cars, the President properly appointed a National Advisory Committee for a National Highway program.

This committee, headed by Gen. Lucius Clay, made two general recommendations:

1. That the Federal Government continue its present aid to highways at the current rate of \$623 million a year; and
2. During the next 10 years spend an additional \$25 billion—billion, that's right—for a so-called interstate highway system.

This means Federal costs of the 2 programs for 10 years would total \$31 billion.

For financing the interstate highway program, the committee recommended the Government peddle 30-year taxable bonds sold at 3 percent interest to cover \$20 billion of the cost and cover the remaining \$5 billion from fees charged filling stations, motels, and so forth, on the interstate highways.

Senator BYRD, who has played an outstanding role in our Government, watching Federal costs, points out that if the proposed 30-year bonds are paid off on schedule at 3 percent interest—as proposed—the interest cost would be \$11.5 billion. "At this rate," he says, "every dollar borrowed would cost taxpayers \$1.55."

The Senator adds, "Based on recent Federal experience, I submit it is a violent assumption to predict that these bonds will be paid off at maturity. In effect, we have not paid off a single dollar of Federal debt in 25 years. Continuing increase of the Federal debt is in prospect for an indefinite period."

The Senator then adds that an even better way to build better and needed highways is possible. He recommends that the Federal gasoline tax (2c) be repealed so that the States can reimpose it; continue Federal aid to primary, secondary and urban roads; continue the lubricating oil tax, and impose a one-half cent per gallon Federal tax on gasoline.

The Senator, in his statement, closes by saying he will supply still more detailed figures soon on what such a financing program could accomplish.

Certainly, all of us agree that still more adequate, safe and sensible highways are needed. Certainly, most of us in Missouri are proud of our own State's nonpolitical Highway Department and its 10-year program of highway and road modernization. And, certainly, all of us will await with interest further details on Senator BYRD's plan.

Dollars are the key to any road program, and any program costing \$1.55 for the \$1 spent is drastic, to say the least.

[From the Grand Island (Nebr.) Independent of January 21, 1955]

UNCLE SAM IN THE RED

There was nothing by way of surprise or shock in the budget submitted to Congress by President Eisenhower. Spending requirements, including those for national security which claim 65 cents of every dollar paid in by the American taxpayer, will again entail a deficit estimated by the President as less than that experienced in the current fiscal year, but still a deficit and still an unbalanced budget.

Mr. Eisenhower is experiencing the same difficulties in achieving a balanced budget that confronted his predecessor. He is discovering that it is one thing to talk about reducing taxes and balancing the budget, and something else entirely different to accomplish these objectives.

The demands continue. The requirements for purposes other than that of national security are not too burdensome. They, in fact, have taken a beating particularly in

recent years because of the promises made to balance the budget and to reduce taxes; promises which filled the air in 1952.

This administration no longer can nor should fall back on the excuse that commitments made by previous administrations make it impossible to carry out its pledges. This administration now is on its own. We can anticipate, however, that the failure to achieve a balanced budget in the last year of the Eisenhower administration, and the impossibility of providing another tax cut may collide seriously with Mr. Eisenhower's international program. The pressure to terminate foreign aid is certain to mount. In Congress the cry arises that we have spent \$40 billion to enable our friends in other sections of the world to regain their feet and to ride out the storm, and the time now has come to stop. That could prove the dominant note in discussion of any foreign-aid program.

In one other respect the President has placed himself in a difficult position to which Senator HARRY BYRD of Virginia directed attention at week's end. The Virginian is opposed to the President's massive superhighway program. It contemplates the borrowing of billions by Uncle Sam to finance this network of superhighways, billions which shall not be computed as a part of the national debt. That is a strange line of reasoning which the Clay Commission has adopted. Senator BYRD's position makes sense. If that type of financing is to be adopted in connection with highway construction, then limitations by way of a ceiling on the national debt lose all significance.

We doubt that the public will become excited over the prospects of another year of an unbalanced budget and deficit spending. If recent years mean anything, the public will take it in stride.

[From the Omaha (Nebr.) Evening World-Herald of January 20, 1955]

THE CLAY HIGHWAY NETWORK; A PLAN OUT OF WONDERLAND

Concerning the Clay committee's proposals for a superhighway network to cover America, Virginia's Senator HARRY F. BYRD recently said:

"They violate financing principles, defy budgetary control, and evade Federal debt law."

Today on this page Columnist Raymond Moley, the one-time New Dealer and long-time professor of public law at Columbia University, joins Senator BYRD in denouncing the scheme. We think the Moley piece should be required reading in Congress.

So far as the roads are concerned, the report of General Clay's committee presents a beautiful dream. Certainly everyone who drives could wish that such roads were in existence, or soon would be.

But the financing plan proposed in the report comes straight out of Wonderland.

The general idea is that a "Government corporation" would be formed, and would issue \$2 billion worth of bonds each year for 10 years. These bonds would run for 30 years and, according to the estimate, would require payment of \$11,500,000,000 in interest.

This "corporation" would have no money-making assets whatever.

It would be able to pay interest on the bonds, and retire them, only when, as and if it received the money from the United States Treasury. Thus the highway debt would in fact be indistinguishable from the rest of what the Government in Washington owes. But because of the "corporation" gimmick, this spending would not be included in the budget, nor would the \$20 billion worth of bonds be included under the ceiling which Congress places on the national debt.

In other words, it's a scheme to farm out part of the Government's annual spending so it won't show on the books.

If it works in this case, Senator BYRD predicts it will be no time at all until similar systems of bogus bookkeeping are worked out to disguise deficit spending for "education, hospitals, public health, etc." That would seem to be a not unreasonable conclusion.

Mr. Moley recalls that similar tricky methods of financing were discussed in the Franklin Roosevelt administration, of which he was a member, but were abandoned because FDR "never quite summoned the audacity to propose them."

The scheme that was too hot for the New Deal is now proposed by an agency of the Eisenhower Administration—which took office only 2 short years ago on a balance-the-budget platform.

It should be borne in mind that this highway problem is not a 1-year crisis and will not be solved once and for all by the Clay plan or any other.

With 7 million cars or thereabouts pouring out of Detroit every year, and with the heavyweight trucks seemingly getting bigger and more numerous every year, America will never finish building highways.

If the Clay plan were adopted now, it would have to be followed 10 years hence by another plan to carry on from there. The net effect of Clay financing would be simply to transfer the cost of today's roads to the shoulders of some future generation—with interest charges added.

This newspaper yields to none in its admiration for good roads. If the network outlined in the Clay report can be built out of current tax revenues, with a balanced budget, we think it will be a grand thing for America.

But to pretend that highways can be built as a capital investment, and paid for on a "revenue bond" basis without charging tolls, is thoroughly dishonest. We hope President Eisenhower will categorically reject that plan when he presents his highway message to Congress next week.

The PRESIDING OFFICER (Mr. THURMOND in the chair). Is there further morning business? If not, morning business is closed.

TAX RATE EXTENSION ACT OF 1955

Mr. GORE. Mr. President, I move that the Senate proceed to the consideration of House bill 4259.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 4259) to provide a 1-year extension of existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

Mr. GORE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I wish to speak on H. R. 4259, a bill providing for a 1-year extension of the corporate normal tax rate and of certain excise tax rates. This bill was amended by the Senate Finance Committee by a vote of 9 to 6 to delete a \$20 credit against individual income tax for each personal exemption.

The enactment of this legislation at this time in the form as modified by the committee is made necessary by reason of the state of the budget submitted by the President in January. Under the terms of this budget the Government is

faced with a deficit of \$4,504,000,000 for the fiscal year 1955 and \$2,408,000,000 for the fiscal year 1956. The \$2.4 billion deficit estimate for fiscal year 1956 was extremely conservative and based on arbitrary reductions in summary figures which may not be accomplished. The expenditure detail in the budget document adds to a deficit of \$4.1 billion on the basis of present tax rates.

I ask unanimous consent to have printed at this point two tables taken from the report of the committee on the bill now under consideration.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—Comparison of effect of House and Finance Committee bills on receipts

(In millions of dollars)

	In the fiscal year—			On a full year's basis	
	Both bills	1956		Committee bill	House bill
		Committee bill	House bill		
Individual income tax \$20 credit (House bill only)...	0	0	-815	0	-2,093
Extension of 5 percentage points of corporation normal tax.....	0	1,075	1,075	1,750	1,750
Extension of certain excise taxes.....	191	889	889	1,080	1,080
Total.....	191	1,904	1,149	2,830	737

Source: Staff of the Joint Committee on Internal Revenue Taxation.

TABLE 2.—Effect of the Finance Committee bill on the 1955 and 1956 budgets

(In billions of dollars)

	Fiscal year—	
	1955	1956
Expenditures, including proposed legislation.....	63.5	62.4
Receipts, existing law only.....	58.8	57.7
Difference.....	-4.7	-4.7
Effect of extending corporate and excise tax rates as in committee bill: Increase in tax collection.....	+2	+2.0
Postponement of floor-stock refunds.....	0	+2.2
Budget deficit under existing law, adjusted for extension of rates.....	-4.5	-2.5

¹ The budget estimate of the effect on revenue in the fiscal year 1956 of extending the corporate and excise tax rates is \$100 million above the joint committee staff estimate. Using the budget figures would decrease the deficit shown by \$100 million.

² These floor-stock refunds, without the extensions, might affect the 1955 instead of the 1956 budget. They, however, are shown as reported in the President's budget.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Mr. BYRD. Mr. President, the first of these tables shows the effect of H. R. 4259 on receipts in the fiscal years 1955 and 1956 and in a full year of operation. This is shown for the bill as it passed the House and as the committee proposes to amend it. The second table shows the effect of the bill, as the committee proposes to amend it, on the 1955 and 1956 budgets.

The deficits of \$4,504 million and \$2,400 million take into account a further 1-year extension of the present corporate rate of 52 percent and a continuation for 1 year of the present rate of excise taxes on automobiles, trucks,

auto parts, gasoline, Diesel and motor fuel, cigarettes, wines, beer, and liquor. If we do not extend these taxes at the present time, the estimated deficit for 1956, based on staff estimates of receipts, would be increased from \$4.5 billion to

\$4.7 billion for 1955 and from \$2.5 billion to \$4.7 billion for 1956. This 1956 deficit might go as high as \$6.4 billion if these corporate and excise taxes are not continued and if contingent reductions are not realized.

Mr. President, I am greatly disappointed that the present administration has not presented a balanced budget for the fiscal year 1956. On the other hand, it would be very unfortunate if any steps we take here would reverse the trend toward a balanced budget and provide for 1956 an estimated deficit slightly larger than is now expected for 1955. In a full year of operation these reductions, if allowed to take effect on April 1, 1955, would result in a loss of revenue of nearly \$3 billion. The committee bill prevents the loss of this revenue by extending the corporate and excise rate increases for an additional year, namely, from April 1, 1955, to April 1, 1956.

The corporate income-tax rate without the 1-year extension provided by this bill would decrease as of this April 1 from 52 percent to 47 percent. The decrease would occur entirely in the normal tax rate, which would go down from 30 percent to 25 percent. This is the rate which applies to all corporate taxable income. The 22-percent surtax rate, which would remain unchanged, applies to income in excess of \$25,000.

The excise-tax rates involved in the extension are shown in a table which I now ask unanimous consent to have inserted in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Excise tax rates extended until Apr. 1, 1956¹ under both the House committee bills

	Unit of tax	Rate extended for period from Apr. 1, 1955, to Mar. 31, 1956	Rate to become effective Apr. 1, 1956 ¹	Effect on revenue		
				Fiscal 1955	Fiscal 1956	Full year of operation
Liquor taxes:				Millions	Millions	Millions
Distilled spirits.....	Per proof gallon.....	\$10.50.....	\$9.....	\$38	\$89	\$127
Beer.....	Per barrel.....	\$9.....	\$8.....	21	64	85
Wine:						
Still wine:						
Containing less than 14 percent alcohol.....	Per wine gallon.....	17 cents.....	15 cents.....			
Containing 14 to 21 percent alcohol.....	do.....	67 cents.....	60 cents.....			
Containing 21 to 24 percent alcohol.....	do.....	\$2.25.....	\$2.....			
Containing more than 24 percent alcohol.....	do.....	\$10.50.....	\$9.....			
Sparkling wines, liqueurs, cordials, etc.:						
Champagne or sparkling wine.....	do.....	\$3.40.....	\$3.....			
Liqueurs, cordials, etc.:	do.....	\$1.92.....	\$1.60.....			
Artificially carbonated wines.....	do.....	\$2.40.....	\$2.....			
Tobacco taxes: Cigarettes.....	Per 1,000.....	\$4.....	\$3.50.....	46	139	185
Manufacturers' excises:						
Gasoline.....	Per gallon.....	2 cents.....	1½ cents.....	31	219	250
Passenger cars and motor cycles.....	Manufacturer's sale price.....	10 percent.....	7 percent.....	37	263	300
Trucks, buses, truck trailers.....	do.....	8 percent.....	5 percent.....	7	53	60
Auto parts and accessories.....	do.....	do.....	do.....	7	49	56
Retailers' excises; diesel and special motor fuel.....	Per gallon.....	2 cents.....	1½ cents.....	1	6	7
Total excises.....				191	889	1,080

¹ These rates were increased by the Revenue Act of 1951 and the increases were scheduled to terminate on Apr. 1, 1954. The Excise Tax Reduction Act of 1954 extended these rate increases to Apr. 1, 1955.

Source: Prepared by the staff of the Joint Committee on Internal Revenue Taxation.

Mr. BYRD. Mr. President, the committee bill follows the House bill in providing for the extension of the corporate

and excise rates. However, the House bill went a step further and provided for a \$20 credit against the individual in-

come tax for each personal exemption, effective January 1, 1956. This House provision, while having no effect upon the budget for the fiscal year 1955, would increase the deficit in the President's budget for the fiscal year 1956 by \$815 million, and in a full year of operation would cause a loss in revenue of \$2,093,000,000 under our staff estimates, and \$2,300,000,000 under Treasury estimates. As much as I would like to see a tax reduction at this time, the present budgetary situation will not justify it.

I know the impossibility of running any business where the expenses are greater, over a long period, than the income. I believe that governments are much like people in this respect. The Government must make every effort to keep its books in balance and meet its obligations as they fall due.

In spite of any contention to the contrary, these are prosperous times. Our gross national product in 1954 was the second highest in our history. The worst that anyone has been able to say is that it was not as high in 1954 as in 1953. Yet even this understates our true prosperity because the trend is upward.

As I have already suggested, our gross national product was up from \$355.5 billion in the third quarter of 1954 to \$362 billion in the fourth quarter of 1954, an increase of \$6½ billion.

Personal consumption expenditures reached a new high of \$234 billion for 1954, as contrasted to only \$230 billion in 1953, the year which was supposed to represent the peak of our prosperity. The consumption figure of \$234 billion should be of interest to those who have been suggesting that we especially need an increase in consumption expenditures. Moreover, the trend of these expenditures is upward. They have increased steadily from an annual level of about \$230 billion in the fourth quarter of 1954.

Gross private investment, next to personal consumption expenditures, is one of the more important segments of our gross national product. As would be expected, these expenditures reached a peak in 1951 as a result of the Korean war. Since that time they have been tapering off. However, it is important to note that late in 1954 this trend appeared to be reversed. These expenditures in the fourth quarter, on an annual basis and seasonally adjusted, increased by over \$4 billion.

Production also has been increasing, and here, where we have some evidence of conditions in January of 1955, the trend is still upward. The Federal Reserve Board Index of industrial production has shown constant improvement since this last August. At that time it stood at 123. By January of this year it had risen to 131.

While overall price stability has been attained in the past 2 years, it is necessary to be alert to the danger of further inflation. The brevity and mildness of the 1954 adjustment and the vigor of the recent recovery suggest the power of the underlying forces of economic expansion. The possibility of inflation is particularly dangerous in times of unbal-

anced budgets and especially when tax reductions are made in periods of deficit financing without accompanying reductions in Government expenditures. I believe the inflationary effect of deficit financing is strikingly illustrated by a comparison of the effect of the Federal deficits in the recent past with the shrinking purchasing power of the dollar.

Mr. President, I have had compiled from official figures from the Library of Congress a table showing deficit spending by years since 1940. The table also shows the fall in the purchasing power of the dollar from 1940 through 1954. I ask unanimous consent to have that table reprinted in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	Purchasing power of the dollar as measured by index 1935-39=100	Fiscal year deficits (—) or surpluses (+) in billions
1940	99.8	—\$3.6
1941	95.1	—5.1
1942	85.8	—19.6
1943	80.8	—55.8
1944	79.6	—49.6
1945	77.8	—53.9
1946	71.7	—22.0
1947	62.7	+7
1948	58.2	+8.4
1949	58.8	—1.8
1950	58.2	—3.1
1951	53.9	+3.5
1952	52.7	—4.0
1953	52.3	—9.4
1954	52.1	—3.1

Mr. BYRD. Mr. President, the table shows that the purchasing power of the American dollar fell 10 cents in the 1 year from 1941 to 1942. In that year there was deficit spending of \$19 billion. In the 1 year from 1945 to 1946 the purchasing power of the American dollar went down 6 cents. In that year there was deficit spending of \$53 billion. The figures in the table are comparative figures, and show the decrease in the purchasing power of the dollar in each year as compared with the deficit spending in that year.

The table shows that, beginning with 100-cent dollars in 1939, the purchasing power of the dollar dropped to 52 cents in 1954. During the same period our cumulative deficit was \$218 billion. These deficits were a principal reason for the decline in the purchasing power of the dollar by nearly 50 percent.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table showing the public debt for selected years from 1915 to 1956.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Public debt of the United States, for selected years, from 1915 to 1956

[In millions of dollars]	
1915	1,191
1920	24,299
1925	20,516
1930	16,185
1935	28,701
1940	42,968
1943	136,696
1945	258,682

Public debt of the United States, for selected years, from 1915 to 1956—Continued

[In millions of dollars]	
1946	269,422
1948	252,292
1950	257,357
1952	259,105
1954	271,260
1955 (estimated)	274,300
1956 (estimated)	276,000

¹ Reflects extensions of corporate and excise rates but not \$20 tax-cut proposal.

Source: The Federal Budget in Brief, fiscal year 1956, Executive Office of the President, Bureau of the Budget.

Mr. BYRD. Mr. President, I point out that in 1915 we had a debt of \$1,191,000,000. From that point we have gone to a debt of nearly \$280 billion. Under the law, the debt is required to be reduced to \$276 billion by June 30 of this year.

I do not contend that deficits are the only cause of inflation; nor do I mean to imply that we will necessarily be faced with strong inflationary pressures next year. However, the Nation is now enjoying a sound and expanding prosperity. Its rapid recovery in 1954 indicates its resilience. In such a situation an unsound or premature tax cut, irrespective of the amount of the cut, may be the factor that tips the scales toward inflation. With the budget already showing a sizable deficit, no one can be sure which additional billion may be the straw that breaks the camel's back.

The harmful effects of an unwise tax cut would arise not only from its direct but also from its indirect repercussions. This \$20 tax-cut proposal is dangerous, not only because of the dollar loss in revenue involved but also because it would be a symbol of a reversal of the effort to cut deficits and work toward a balanced budget.

Mr. President, I have never thought, as my record will show, that we should borrow money in order to reduce taxes. I think that is fiscal folly of the first magnitude. It would be a symbol that we had abandoned the principles of sound finance, and would be accepted by the country as evidence of a drift into slackness in our financial affairs.

No one today can predict with any certainty what the status of the economy or the revenue needs will be 1 year from now. If we put a tax-reduction requirement on the books now, we will be committing ourselves almost a year in advance to a reduction in revenue, and subsequent events may show that the Government cannot afford this. If next year we had to reverse the stand that some would have us take today, it would undoubtedly be contended commitments had been made on the basis of the legislation passed this year. Then we would be in a position of taking away the tax relief we grant, should we adopt the House proposal.

The proposed \$20 tax reduction would amount to 38 cents a week for each individual exemption claimed for income-tax purposes.

For such an income tax reduction advocates of the proposal would increase annual Federal deficits, on a full year basis, by approximately \$2¼ billion, add the same amount to the Federal debt,

and increase the requirement for taxes to pay interest on the debt increase at the rate of 2½ percent compounded annually.

The interest on the Federal debt is already costing \$6.4 billion. This is more than 10 percent of total Federal expenditures; it is approximately 11 percent of all the revenue collected, and it is 130 percent of the estimated deficit.

We have been on a deficit financing basis for 23 of the past 26 years. In these 23 years we have spent more than \$900 billion—nearly a trillion dollars; we have collected in taxes and other receipts about \$675 billion; we have added approximately a quarter of a trillion dollars in the Federal debt.

The present administration, in its third year has failed to balance the budget, just as the two preceding administrations spent more than they collected. And the end of deficits is not yet in sight.

We of this generation are trustees for the future. Personally I am disturbed by repeated efforts to use this trusteeship temporarily to gain for ourselves a few cents a week in a time of relatively high prosperity at tremendous expense to future generations for whom we cannot assure continuing high prosperity.

There is no doubt about the fact that taxes are too high. They should be reduced. But we cannot reduce taxes by deficit financing and remain solvent.

Legitimate and sound tax reduction can be accomplished only by reducing Federal expenditures. This can be done if there is the will to do it, and it can be done in sufficient amount without impairment of a single essential function of government.

As a Member of the Senate, and as a member of the Senate Finance Committee, I advocate responsible tax reduction. I am opposing all tax reductions unless they are made fiscally sound by sufficient reduction in expenditures.

Our taxes are burdensome, but we would merely increase the burden by borrowing money to reduce them.

Another tax reduction now with borrowed money, such as was made last year, is simply higher taxes deferred.

Sooner or later, one way or another, the American people must pay the colossal debt we are incurring. New tax reduction debt makes it even more colossal.

We are mortgaged to the hilt. We have a direct Federal debt of \$280 billion. In addition to this we have a contingent debt of another \$250 billion.

The \$280 billion direct debt is equivalent to the full value of all the land, all the buildings, all the mines, all the machinery, all the livestock—everything of tangible value—in the United States.

It should be the considered judgment of everyone of us that the Federal debt should not be increased except for extreme national emergency. To increase the Federal debt by the sum of \$2,250,000,000 a year for a 38-cent-a-week tax reduction just does not make sense.

This Nation has been through many wars, and after each of them, except World War II, we have discharged at least part of the debt incurred for our defense.

But after World War II we have continued to borrow and add to the Federal debt. Now, 10 years after the conclusion of World War II, we are still borrowing.

We should never be misled by academic stargazers who contend that public debt is unimportant when we owe it to ourselves. I do not know of any owners of Government bonds who do not expect the Government to pay off on them when the maturity date arrives.

Public debt is not like private debt.

When individuals default on private debt they are foreclosed and their assets are liquidated.

When public debt is not paid off in taxes, liquidation takes the form of disastrous inflation or national repudiation. Our form of government cannot survive either.

The continuing toboggan of the purchasing power of our dollar which, through the year just ended, has dropped more than 25 percent since the end of World War II, demonstrates our progress along this primrose path.

We may regard these facts and figures lightly if we choose, but the loss of half the purchasing power of our money in 24 years, and 25 percent of it in the last 10 years, should be a serious warning to any nation.

The United States Government now represents the greatest fiscal operation in the history of the world. The management of our national financing should be a sobering responsibility. It is vital to the security of every individual in the United States, and the collective security of the free world. I sincerely hope it will never be exploited for political advantage.

We must act and act promptly on the bill before us, as the Finance Committee has reported it, to prevent the Government from losing over \$1 billion in revenue from the termination of the existing excise rates as of the first of this April, and another \$2 billion from the termination of the 5 percent corporation income tax. We must act now to prevent an increase in the national deficit and a corresponding increase in the national debt.

I believe my position with respect to the present budget deficits is well known. I have been deeply disappointed that we have been unable to make better headway toward a balanced budget. I can say, however, that in my opinion the estimated reduction in budget deficits is a step in the right direction. Approval of the House individual income tax reduction, however, would reverse this trend. If we cannot now move toward a balanced budget and achieve it in the near future, when we are at peace, when there is no war, and when we are at or near the highest income levels in our history, what prospect have we of ever balancing it?

In times like these, an increase in the debt as a result of a tax reduction, such as the proposed \$20 tax cut, is an admission of failure. It is an acceptance of perpetual deficit financing, and an admission that we are on the road to a larger and larger debt, the burden of

which will be on our children and our children's children.

I hope the Senate will pass the bill reported by the Committee on Finance, which has deleted the \$20-per-taxpayer cut adopted by the House of Representatives. Reporting the bill as amended by the committee was approved unanimously with certain Members reserving their right to offer amendments or to change their positions. The House \$20-reduction amendment was rejected by the Committee on Finance by a vote of 9 to 6.

I hope the action taken by the Senate Committee on Finance will be approved by the Senate.

Mr. President, at the conclusion of my remarks, I ask unanimous consent to have printed in the RECORD a letter dated March 9, 1955, addressed to me by Under Secretary of the Treasury M. B. Folsom. The letter states that if the excise taxes are permitted to expire on March 31, there will be a loss of \$191 million in revenue from floor stocks, because the law now provides that all revenue from floor stocks shall be refunded in case the tax shall expire. Let me emphasize that the \$191 million could not be recovered.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE UNDER SECRETARY OF THE TREASURY,
Washington, March 9, 1955.
HON. HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: In accordance with our telephone conversation yesterday, I am giving you the figures on the revenue loss from floor stock refunds which would occur if the excise-tax rates are not extended by March 31. These are our estimates of the amounts involved:

	Hundreds of millions of dollars
Alcohol	132
Tobacco	19
Automobile, trucks, and parts.....	39
Gasoline	1
Total	191

Refunds on floor stocks will be due even if the rate reductions are effective only momentarily.

Also, on the basis of average collections, calculated on a 5-day business week, there would be an estimated daily loss of revenue of \$4,007,000 for each day the lower rates are in effect. The detail of this loss is:

Alcohol	\$823,000
Tobacco	702,000
Gasoline	922,000
Automobile, trucks, and parts.....	1,536,000
Diesel fuel.....	24,000
Total	4,007,000

A temporary reduction of rates would probably involve daily losses several times greater than the foregoing average figures, except in the case of gasoline and diesel fuel where storage problems are serious. Prospective buyers of the other products would doubtless concentrate their purchases in a brief period when rates were low. This would not only increase the revenue loss, it would also lead to erratic and confusing fluctuations in sales and inventories.

These revenue losses would be permanent and irretrievable if the rates are not extended by March 31. I am advised that there would be constitutional problems involved in any effort to abrogate by subsequent legislation the floor stock refunds or

to apply the higher rates to interim sales, even if it were desired to do so.

With best personal wishes,

Very sincerely yours,

M. B. FOLSOM,

Under Secretary of the Treasury.

Mr. KNOWLAND. Mr. President, at a later time I intend to discuss the bill and also the so-called substitute which will be offered. However, I did not want this opportunity to pass without rising to commend the distinguished senior Senator from Virginia [Mr. BYRD], because I am sure it is well recognized not only in this Chamber but throughout the country, that he has, during the entire period of his service in the Senate, believed in a sound fiscal policy in the Nation's economy and in the Government's operations. The Senator from Virginia has favored the Government's being, as nearly as it was possible to be, on a pay-as-you-go basis, save and except when the Nation's life itself might be endangered in time of war or imminent threat of war. So I think the distinguished Senator has the respect of the Senate and of the country, and I commend him for his remarks today, which I believe to be sound.

The Committee on Finance has reported a bill which is now in the form as originally proposed by the administration, by continuing the corporate and excise tax levies which otherwise would expire on March 31. I think nothing should be done in the bill which would tend to complicate that simple proposition. I believe that the amendment to be proposed to the bill might very well jeopardize the measure from becoming law on April 1.

The Senator from Virginia has pointed out what the loss of revenue would be. I also wish to call to the attention of the Senate the unfortunate fact that, even with existing revenues, and if no new expenditures were made by Congress over and above the amount requested in the budget, the estimated deficiency from the loss of revenue would obviously increase the deficit.

In view of the fact that not a single regular appropriation bill for the coming fiscal year has been cleared by either the House or the Senate, it would seem to be the height of unwisdom to proceed at this time to reduce the revenue which would otherwise go into the Federal Treasury.

There may be objection on the part of some persons to the tax reductions which took place in the last Congress. The difference, however, between the two situations—and I think the Senator from Virginia will bear me out—is that Congress and the administration had brought about a reduction in the cost of the operations of the Government by some \$10 billion, and had passed on to the taxpayers about \$7 billion of that amount. That was done at a time when there were dire predictions on the part of even some of our colleagues of a major recession or depression, which they believed was in the offing. Such a recession has not taken place. To the contrary, as the distinguished Senator from Virginia has pointed out, both 1953 and

1954 were years of the highest gross national product in our country's history.

If there was any such danger, perhaps adjustments in the tax laws last year, which were made under the circumstances I have stated, namely, that Congress and the administration had reduced expenditures and had provided a reduction in the tax levy, would be justified. That condition does not prevail as of now.

I shall have further remarks to make later on the subject, but I desired to pay my tribute to the distinguished Senator from Virginia, who is chairman of the Committee on Finance.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the body of the RECORD the views of the six Democratic members of the Senate Finance Committee on H. R. 4259.

There being no objection, the views were ordered to be printed in the RECORD, as follows:

VIEWS OF SIX DEMOCRATIC MEMBERS OF THE SENATE FINANCE COMMITTEE ON H. R. 4259

INTRODUCTION

Those of us who are signing this report find ourselves in basic disagreement with the present national administration on a fundamental point of national policy—the distribution of the tax burden among our people.

The issue can be drawn clearly and briefly. The present administration believes that tax policy should be shaped in such a manner as to encourage vast accumulations of capital on the theory that if the top is prosperous, some share of the prosperity will trickle down to others.

In contrast, it is our belief that the national interest is best served by tax policies which insure individual Americans maximum possible purchasing power—the most potent force in shaping an America in which all our people will be prosperous.

The conflict between these two philosophies is the only point truly at issue in our effort to secure a tax reduction for individual taxpayers—wealth in the hands of a few; purchasing power in the hands of many. We take our stand on the side of increased purchasing power and an expanding economy.

BUDGET CONSIDERATIONS

It is true that the present administration has seen fit to interpret this issue in terms of balancing the budget. But it is difficult to consider such arguments seriously in light of the same administration's actions when it assumed the initiative in tax legislation in 1954.

Actions frequently speak louder than words. If that axiom is valid, it is apparent that the present administration considers a tax reduction fiscal irresponsibility only when it accrues to the benefit of low-income wage earners.

Early in 1954, the present administration forecast a 1955 fiscal year deficit of \$2.9 billion. This was clearly and unmistakably a deficit, differing from the deficit which now leads the administration to oppose a tax cut in only one respect—it was \$500 million greater.

And yet, the deficit forecast for fiscal 1955 did not prevent the administration from embracing a tax-reduction bill in which 77 percent of the immediate relief and 91 percent of the long-term relief went to corporations and large income earners.

It was not considered fiscal irresponsibility to deprive the Treasury of \$362 million in annual revenues by extending special benefits to those whose incomes are derived from dividends.

It was not considered fiscal irresponsibility to deprive the Treasury of one to two billion dollars a year in revenue for a period extending 18 years into the future by granting large corporations rapid depreciation benefits.

These provisions were not approved through mere inadvertence. They were enacted over the vigorous protests of the then minority which presented an alternative plan that would have granted the greater part of the tax relief to the lower-income brackets which stood in the greatest need.

On this basis, it is fair to assume that the present administration regards fiscal responsibility as that state of affairs in which the rich get richer and the poor are expected to balance the budget.

Despite this precedent, however, we have no intention of emulating the casual disregard toward the problem of budget balancing displayed by the present administration in 1954. We recognize that this is not merely an academic issue and we intend to deal with it responsibly and squarely.

There is nothing mutually exclusive about the two concepts which should be considered by responsible legislators—the need of our wage earners for tax relief and the need of our budget for balancing. Prudent consideration of the elements which go into each problem will lead to a solution for both.

To this end, we advance three points for the thoughtful consideration of our colleagues:

1. The stimulus to our economy and the resultant creation of revenue-producing wealth that will follow a tax reduction designed to increase purchasing power among individual Americans.

2. The need for a reexamination of the benefits that were granted to large-income earners and corporations in the 1954 tax bill under the theory that these benefits would grant a few individuals more money to invest in economic expansion.

3. The inadequacy of the administration's present (and only revenue-producing) proposal which would extend current excise taxes on such items as whiskey, champagne, cigarettes, and automobiles for only 12 additional months from April 1, 1955.

EFFECTS OF A TAX REDUCTION UPON THE ECONOMY

We are not wedded irrevocably to tax reduction in the form approved by the House of Representatives but we are in full accord with the spirit that motivated the House majority. We interpret the House action as a desire to do justice to those who were bypassed last year when tax relief was given chiefly to corporations and taxpayers in the upper income brackets.

However, justice, though a compelling motive, is not the sole basis of our case. It is our deep-seated conviction that a tax reduction granted to those in need of relief would have beneficial effects upon our economy, bolster the trends toward prosperity, and strengthen our Nation.

The evidence from every quarter indicates that such strengthening is needed.

We are not implying—directly or indirectly—that a tax reduction is necessary to ward off a depression. We know of no one who has forecast such a state of affairs. Neither do we intend to enter the arena of semantic debate over such phrases as "recession" or "rolling readjustment." Such phrases engender considerable heat but shed little light upon the problem before us.

But it takes neither a crystal ball nor profound economic analysis to determine that there are "soft spots" in our economy. These "soft spots" amount to unemployed workers and unemployed machinery.

The science of economics is far from exact. But one statement can be taken as a truism. It is that unemployed workers and unemployed machinery produce no wealth and

consequently no revenue either for the Government or for private individuals. It is equally a truism to state that both workers and machinery will remain unemployed unless there is a market for the goods which they jointly produce.

The numbers of the unemployed are far below the frightening levels of the 1929 depression. But this is cold comfort to the Kentucky miner or the Georgia textile worker or the Oklahoma farmer facing the problem of economic survival for himself and his family.

Furthermore, the unemployed worker represents a drag on the entire economy. In addition to his own problems, his jobless status restricts his participation in the consumer's market. He cannot buy and therefore others cannot sell. And when "others" cannot sell, they tend to dump new workers into the ranks of the unemployed.

We cannot agree with the attitude of the present administration which appears to be that the problem of unemployment is so insignificant it can be ignored.

The current trends are disturbing. Full-time unemployment in 1954 was double the level of 1953. Furthermore, 1954 witnessed a vast increase in "part-time" unemployment—a factor difficult to measure but as dangerous to the economy as permanent joblessness.

The statistics of recent months are not encouraging. The latest figures show that unemployment in January, 1955, was a quarter of a million greater than during the corresponding month of 1954. The experts hold forth no hope for a significant upsurge in employment during the next few months.

Aside from the human tragedy involved in unemployment, there is also the factor of waste. Within that factor can be found some of the elements that are now contributing toward an unbalanced budget. Employed workers have the purchasing power that maintains the business activity that balances a budget. Unemployed workers are the drain on our economy that slows business activity and helps to unbalance the budget.

The case was stated very well by the ranking minority member of the Senate Finance Committee in 1954 when he said on the floor of the Senate:

"How are we to balance the budget unless we have an economy that will enable the people of the Nation on a per capita basis to pay for the products of the mills and factories? * * * In this America, in this free economy, have we become so accustomed to luxury and extravagant spending and living that we cannot see the long arm of the tax gatherer as it descends into the breadbasket of the poor in this country?"

We are in full agreement with this attitude toward budget balancing. The budget cannot be balanced unless our people have the purchasing power to keep business activity at high levels. There can be no argument with the proposition that the best way of stimulating that purchasing power is to grant tax relief to the lower-income brackets—the people who are the most likely to translate their increased income into increased consumption.

We know of no direct method of measuring increased purchasing power in terms of Government revenues. Nevertheless, it cannot be denied that such an effect exists.

Furthermore, we do not intend to dispute contentions that reductions thus far proposed may possibly be inadequate to the problem. We do know that the proposals are a step in the right direction and we would rather walk in the right direction than stand still.

REEXAMINATION OF BENEFITS TO LARGE INCOME EARNERS AND CORPORATIONS

We do not intend to decry the value of incentives to investment in new facilities

at a time when demand has outstripped production. Nevertheless, we believe that there are a number of benefits granted to corporations and large income earners in the 1954 tax bill which could well bear reexamination.

At this point, we will consider only three, without foreclosing the right to examine others at any time.

Rapid depreciation: This was probably the most important concession to large business in the 1954 tax bill and yet it is doubtful whether the implications were fully appreciated at the time. According to the tax report of the House Ways and Means Committee, H. R. 8300, 83d Congress, 2d session, page B-13, it amounts to a net revenue loss of \$19.5 billion for an 18-year period, over what we would have lost had customary instead of accelerated depreciation been used. The loss is distributed as follows:

Fiscal year 1956: \$1.05 billion.

Fiscal year 1957: \$1.55 billion.

Fiscal year 1958: \$1.9 billion.

Fiscal year 1959: \$2.1 billion.

Fiscal year 1960: \$2.2 billion.

Fiscal year 1961: \$2.15 billion (from this point to the end of period the revenue loss declines).

We are implying no commitment on the principle of depreciation no matter how rapid. We recognize that all of this loss cannot be recovered completely without committing an act of bad faith—especially in the first 2 years. But if the choice must be between tax benefits for corporations and tax relief for individual citizens, the decision of the 1954 tax bill should, in our opinion, be reexamined.

Dividend credit and dividend exclusion: These provisions of the 1954 tax bill will cost the treasury \$362 million per year for an indefinite period. Again, we imply no final commitment on the principle involved but are constrained to note from the standpoint of public policy, there might well be a reexamination of the justice of granting benefits to those whose income comes from dividends while withholding relief from those in the low-wage bracket.

Reserves against future business expenses: Through inadvertence, section 462 of the Internal Revenue Code of 1954 permits the establishment of reserves against future business expenses and their immediate charge-off against current income. The repeal of this provision would save the Treasury at least \$1 billion this year.

INADEQUACY OF THE ADMINISTRATION'S CURRENT PROPOSAL

Despite the administration's professed anxiety over balancing the budget, it has only advanced one revenue measure to achieve that end. It is to extend the current rates on excise and corporate taxes an additional year beyond April 1, 1955 (next month), to bring in additional revenue of \$2.8 billion.

This seems to confront Congress with the alternatives of letting the taxes expire now or extending them in such a way as to renew the tax fight in an election year.

We are in agreement with extending the current rates. However, we do not think the proposal goes far enough. It is obvious that a simple extension in time will maintain Government revenues at higher levels and that there is no necessity to permit present rates to lapse on April 1, 1956.

To argue that this is legislating for the future would come with poor grace from those who so cheerfully welcomed rapid depreciation proposals extending forward for 18 years.

CONCLUSIONS

1. There is ample basis in justice and economics for an equitable tax adjustment at this time designed to help low-income earners and to stimulate our economy. At the very least, it would correct the injustice

that was done to individual citizens through the inequitable tax bill of 1954.

2. A tax reduction to those in low-income brackets would stimulate the economy and increase revenue-producing wealth. To that extent, it would tend toward—rather than away from—a balanced budget.

3. The tax bill of 1954 should be re-examined carefully to remove the inequities which favored corporations and large-income earners at the expense of low-wage earners.

4. Consideration should be given to extending the present corporate and excise rate to a date beyond April 1, 1956—the termination date for the administration's present proposal.

ROBERT S. KERR.
J. ALLEN FREAR, Jr.
RUSSELL B. LONG.
GEORGE A. SMATHERS.
LYNDON B. JOHNSON.
ALBEN W. BARKLEY.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that following the statement just presented there be printed in the RECORD two charts prepared by the same members of the committee.

There being no objection, the charts were ordered to be printed in the RECORD, as follows:

REVENUE EFFECT OF NEW PROPOSAL (IN TERMS OF FISCAL YEARS), WITHOUT CONSIDERATION OF ADDITIONAL EXTENSION OF EXCISE AND CORPORATE TAX RATES AND REPEAL OF EXPENSE RESERVE PROVISION

1. Repeal rapid depreciation provisions effective March 9, 1955:

Savings effected in fiscal year:		
1956	-----	\$175,000,000
1957	-----	900,000,000
1958	-----	1,450,000,000

2. Repeal dividend credit and exclusion provision effective July 1, 1955:

In millions of dollars,

	Liability	Receipts
Savings effected in fiscal year:		
1956	362	181
1957	362	362

3. Effective January 1, 1956, provide a \$20 tax credit for each taxpayer, with none for spouse, plus a \$10 credit for all dependents other than spouses, effective only to the extent that the credit exceeds any advantage obtained by income-splitting benefits.

[In millions of dollars]

	Liability	Receipts
Cost in fiscal year:		
1956	454	353
1957	908	908

4. Net fiscal effect of changes in:

[In millions of dollars]

	Liability	Receipts
Fiscal year—		
1956: Gross savings	537	356
Tax credit cost	454	353
Net savings	83	3
1957: Gross savings	1,262	1,262
Tax credit cost	908	908
Net savings	354	354

TAX PROPOSAL SPONSORED BY SIX DEMOCRATIC MEMBERS OF THE SENATE FINANCE COMMITTEE

1. A tax deduction effective January 1, 1956, of \$20 for each taxpayer (excluding spouse), plus a \$10 deduction for each de-

pendent other than spouse, to the extent only that the credit exceeds any advantage obtained by income-splitting benefits.

2. Repeal of the accelerated depreciation provision of the 1954 tax bill, effective March 9, 1955.

3. Repeal of the dividend credit and dividend exclusion provisions of the 1954 tax bill, effective July 1, 1955.

(The above provisions authorize a tax cut and more than offset the resultant revenue losses with revenue savings. The following provisions complete the overall proposal.)

4. An extension of current corporate and excise tax rates to July 1, 1957.

5. Repeal of the "error" in the 1954 tax bill which permits the establishment of reserves for future business expenses and their charge-off against current income.

Effect of the proposal on the Nation's budget picture to July 1, 1957

(In millions of dollars)

	Liability	Receipts
1. Tax deduction.....	\$ 1,362	1,261
2. Repeal of accelerated depreciation provisions.....	\$ 1,075	1,075
3. Repeal of dividend credit and exclusion.....	\$ 724	543
4. Corporate and excise rate extension (in addition to administration's current proposal).....	\$ 3,537	\$ 3,537
5. Repeal of "error" in 1954 tax bill (minimum estimate).....	\$ 1,000	1,000
Gross revenue savings.....	6,336	6,155
Less tax deduction.....	1,362	1,261
Net revenue savings.....	4,974	4,894

¹ Revenue loss.

² Revenue savings.

³ A actual receipt figure not yet available.

Mr. JOHNSON of Texas. Mr. President, I wish to make a very brief statement in explaining the charts. First, the proposal presented would repeal the depreciation provisions and the dividend credit and exclusion provisions of the act of 1954, and the repeal of those 2 provisions would result in a gain of \$1,618,000,000 for the Federal Treasury by July 1, 1957. With that \$1,618,000,000 gain, Mr. President, we propose to extend relief to the extent of \$20 for each taxpayer, excluding spouse, plus a \$10 deduction for each dependent. That would result in an expenditure of \$1,261,000,000 between now and July 1, 1957, leaving a net gain as a result of repealing the depreciation and dividend provisions of \$357 million for the Treasury.

In addition, Mr. President, we propose to offer an amendment to extend the corporation and excise taxes until July 1, 1957, and to repeal the error in the 1954 tax bill.

Before the day is over, I hope to send to the desk certain amendments, and ask that they lie on the table.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The first committee amendment will be stated.

The first amendment of the Committee on Finance was, on page 1, in line 3, after the word "the", to strike out "Revenue" and insert "Tax Rate Extension."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McClellan
Allott	George	McNamara
Anderson	Goldwater	Millikin
Barkley	Gore	Morse
Barrett	Green	Mundt
Beall	Hayden	Murray
Bender	Hennings	Neely
Bennett	Hickenlooper	Neuberger
Bible	Hill	O'Mahoney
Bricker	Holland	Pastore
Bridges	Hruska	Payne
Bush	Humphrey	Purtell
Butler	Ives	Robertson
Byrd	Jackson	Saltonstall
Capehart	Johnson, Tex.	Schoeppel
Carlson	Johnston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kerr	Smith, N. J.
Chavez	Kilgore	Sparkman
Clements	Knowland	Stennis
Cotton	Kuchel	Symington
Curtis	Langer	Thurmond
Daniel	Lehman	Thye
Dirksen	Long	Watkins
Douglas	Magnuson	Welker
Duff	Malone	Wiley
Dworschak	Mansfield	Williams
Ellender	Martin, Iowa	Young
Ervin	Martin, Pa.	
Frear	McCarthy	

The PRESIDING OFFICER. A quorum is present.

Mr. JOHNSON of Texas. Mr. President, on behalf of myself and five other members of the Senate Finance Committee, I am proposing certain amendments to H. R. 4259.

These amendments would repeal the accelerated depreciation and the dividend credit and exclusion provisions of the 1954 act. This would amount to a revenue gain of \$1,618 billion during the fiscal years 1956 and 1957.

The amendments would also provide a tax deduction of \$20 for every taxpayer—excluding spouse—and a \$10 deduction for each of his dependents. This tax deduction would cost the Treasury \$1,261 billion during the fiscal years 1956 and 1957.

Consequently, the revenue raising measures would pay for the tax cut, and at the end of fiscal 1957, there would be a \$357 million surplus to apply to budget balancing.

In addition to these provisions, the amendments would repeal section 462 of the Internal Revenue Code of 1954. This is the "error" which—unless corrected—will cost the Treasury somewhere in the neighborhood of one billion dollars this year.

We also intend to amend sections 2 and 3 of the bill to extend the corporate and excise rates to July 1, 1957. This would bring the Treasury additional revenue of \$3,537 billion over and above the administration's proposal.

I realize that there is a possibility that the administration will attempt to correct the error, and could possibly recommend the extension of the excise and corporate taxes. But I see no reason for not doing so now, particularly since it would remove the next decision on excise and corporate rates into 1957—a nonelection year.

Mr. President, I send the proposed amendments to the desk, and ask that they be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be printed and will lie on the table.

Mr. KERR. Mr. President, I joined with five of my colleagues on the Democratic side of the Finance Committee in submitting minority views with respect to House bill 4259, which is now before the Senate.

The levying and collecting of taxes is one of the most important and far-reaching of the functions of government. It is an operation justified to the extent that the national welfare and the national security require it.

It was said in the early days of the Republic that the power to tax is the power to destroy. The long history of legislation in the Congress of the United States has demonstrated the accuracy of that statement. The power to tax, if used wisely, meets the requirements of government and builds the economy. If it is used unwisely, it creates discrimination and injustice, and produces harmful effects which are unjustified in the exercise of the necessary power and function of taxation.

There could be no better example of two philosophies of taxation than can be found in the bill now before the Senate.

In the minority views my colleagues and I are entirely in accord with extending the excise and corporate taxes as provided in the bill, at least for the period of time specified in the bill. However, we feel that the extension is inadequate and that, from the standpoint of constructive operation of governmental functions and responsibility, these taxes should be extended for a longer period of time.

There is not a member of the Committee on Finance who does not know that the budget of the Government in the next 2 fiscal years will need the amount of money to be raised by the extension of excise and corporate taxes, or the necessity will exist to find other means with which to replace such revenue.

We know that next year is an election year. We believe it would be wise at this time to eliminate the necessity of coming back next year with another proposal again to extend corporate and excise rates into the future beyond April 1956. Therefore we believe that that responsibility should be met today.

We were in accord with the spirit of the action taken by the House of Representatives in its bill in providing tax relief for the low-income groups. There was not complete agreement among us on whether the specific measure passed by the House was the one best calculated to do what we feel the Government is now in a position to do. However, we are not afraid to meet our responsibility in taking action which we believe is indicated and necessary and justified and equitable.

Accusations have been made in high places that the Democratic leadership in Congress does not have the courage to do certain things. The Democratic leadership and membership in Congress—and, thank God, many of the Republican Members of Congress also—have the courage this year, as they did last year, to face the responsibility of determining what is equitable as between the various groups of taxpayers in

our country. I submit it requires as much courage to do justice as between all the taxpayers as it does to decide what form the courageous act shall take, and when it will be performed.

Therefore, in view of the fact that there is before Congress a proposed extension of certain taxes, and in view of the further fact that now, in 1955, we have had an opportunity to study the operation of various sections of the 1954 act, we feel we should face our responsibility with courage and to do justice as between the various taxpayers of the Nation. So we bring to Congress suggestions which we believe will correct some of the inequities of the act of 1954, and do equity and justice in 1955.

Figures which have just been released by the Government indicate an increase in unemployment in February as compared to January, 1955. Figures from the same Government source disclose that there was nearly twice as much unemployment in 1954 as in 1953, and that there was a substantial increase in unemployment between January 1954 and January 1955. The same Government sources disclose that a considerable percentage of our total national industry and productive capacity is idle.

Thus we are confronted with these realistic facts: Between 5 and 10 percent of our labor force is unemployed. If my memory serves me correctly, nearly 10 percent of our productive capacity is idle.

Yet we still have on the statute books provisions in the act of 1954 which give a bonus and a premium to the building of more production facilities. We call it accelerated depreciation, or amortization.

Such a provision was included in a previous revenue act, which had for its purpose meeting the requirement of increased production during the war effort. Certainly there could be no serious objection to a law which provided an incentive on the part of industry to increase industrial productive capacity with respect to the equipment and material we needed during the war effort to the point where we could produce the goods our people needed and provide an adequate supply of such material and at the same time avoid excessive inflation. In fact, there would be a great deal of merit in such a law.

However, the needs of the people were met prior to 1954. Since a provision was included in the act of 1954 to provide a continuing premium and bonus for increased productive capacity, which was not needed, it can be interpreted only as the act of a Congress which wanted to give a premium to one group of taxpayers as opposed to other groups of taxpayers. The report of the Ways and Means Committee of the House last year disclosed that that provision in the Revenue Act of 1954 would reduce the revenue of the Government in excess of \$1 billion a year for 18 years. That means that that premium in the act of 1954 was given to those who claimed the benefits of accelerated depreciation.

The 1954 act provides a greater tax exemption than was contained in the revenue act which was in effect during the Korean war emergency. Under the

Revenue Act of 1954 a person building a racetrack gets accelerated depreciation by way of a tax exemption premium. At the same time, relief in the form of an additional exemption was denied to a laboring man, who may perhaps, have a half dozen dependents. The act of 1954 gives a premium for the installation of new equipment in a distillery.

If an individual owned a racetrack, Mr. President, under the Revenue Act of 1954 he could completely renovate and rebuild his track, recover most of his cost in the form of a tax bonus or exemption in a period of 5 or 6 years, and then sell the track as a capital asset and get back two-thirds of the money he had saved through the accelerated depreciation feature of the act of 1954.

If a man were in a business using automobiles, he could have bought a fleet of Cadillac cars and charged off 75 percent of their cost in 2 years, regardless of how little he used them, and then could have sold them and recouped most of the charge-off in tax-free funds he could keep.

Those are examples of some of the provisions of the tax bill passed by a Congress which refused to incorporate a further provision giving an additional exemption to a wage earner making \$5,000 a year, in spite of the fact that he may have had a wife and 5 or 6 children.

Another feature of the act of 1954 was the exemption from taxation of a certain percentage of dividend income. As finally passed by the Congress, the act excludes from taxation the first \$50 of dividend income. In addition, it exempts 4 percent of the taxpayer's dividend income from any taxation whatever.

Thus was enacted a law which cost the Government from \$360 million to \$375 million a year, and, by the same token, provided that much of a tax bonus to those whose income is derived from dividends.

But, Mr. President, was there any provision in the bill for the benefit of a wage earner with a wife and half a dozen children? Not a single dime.

We felt at that time that it was a grave injustice. We consider that the operation of the law has proved the degree of its injustice; in fact, Mr. President, as another year has come and gone and unemployment has not been eliminated, but has increased, as productive machinery has not been fully utilized, but is operating at a lesser rate, we feel not only that the injustice of that act becomes heavier and heavier, but that the argument made a year ago in favor of a substitute providing an increased personal and dependency exemption in lieu of a dividend exemption has been demonstrated and completely vindicated and reinforced in the passing months.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KERR. I am happy to yield to the Senator from Illinois.

Mr. DOUGLAS. Is it not true that the principle that unearned income, income from dividends, was to be taxed at a lower rate than income from effort, was not only new but was a complete reversal of previous principles of American tax-

ation? Is it not true that earlier in the operation of American income taxation the favors had been given to earned income, so that persons who earned their income by the sweat of their brows paid a lower rate of taxation than did those who received dividends and interest?

Mr. KERR. The Senator is eminently correct. The original principle gave a better and more favorable treatment to a taxpayer's earned income than it did to a taxpayer's investment income.

Mr. DOUGLAS. But by the previous Congress the opposite principle was established, so that a person receiving his income from dividends would pay a lower rate of taxation than he would if he received the same amount of income from effort.

Mr. KERR. The Senator is eminently correct in his statement of the principle.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. GORE. Is it not a fact that it also discriminates against the citizen who may invest in local development—development of his home community—and in favor of one who invests in the securities of corporations?

Mr. KERR. The Senator's illustration is valid and his conclusion is correct.

Mr. President, it is our purpose to offer a substitute or to amend the bill in order that relief may be given this year to the taxpayer in the low-income group in lieu of the relief now available in the form of accelerated depreciation and dividend exemption. We make this suggestion, Mr. President, with validity and responsibility. Statements have been made in high places that those favoring this kind of a program are guilty of cowardice and irresponsibility and they are accused of being silly. I shall explore the meaning of that word in a few moments. It has been a long time since I looked it up. If it means what I think it means, I am going to resent the manner in which it has been used.

Mr. President, I wish to talk about fiscal irresponsibility for a moment. Early in 1953 the distinguished Secretary of the Treasury came before the Congress and asked for an increase in the national debt limit from \$275 billion to \$290 billion. He was a man who spoke with authority in many ways. In the first place, he was the Secretary of the Treasury of the United States. In the second place, he was regarded as the strongest man in the President's Cabinet. In the third place, he was acclaimed to be one of the foremost and ablest industrialists and businessmen in the Nation.

Naturally, Mr. President, statements from that kind of source and authority had a good deal of significance. Mere United States Senators were timid in his presence and, with their limited experience and limited vision, were profoundly impressed by the weight of his pronouncement.

The Baltimore Sun of July 31, 1953, had this to say:

The Secretary said the administration had hoped to avoid asking for an increase of the debt limit, "but we are caught in a squeeze and cannot help ourselves."

He said:

If Congress does not raise the debt ceiling now, it will have to come back later in the year and do so.

That was in 1953.

He was asked:

But what if Congress refuses to increase the debt limit?

He answered:

If Congress refuses to raise the debt ceiling, we will just run out of money and we cannot pay our bills.

Then he made this significant statement:

If this country did not pay its bills, it would just cause a near panic.

Then he made another statement.

Said the senior Senator from Washington [Mr. MAGNUSON], and this is quoted from the record:

Secretary Humphrey, I wanted to ask one question: Suppose Congress leaves here without making any proposal to increase the debt limit. What will be your legal situation?

Said Secretary Humphrey:

I think I will leave when Congress does.

Congress did not increase the debt limit in 1953. Secretary Humphrey did not leave Washington when Congress left. The Treasury did not run out of money in that fiscal year. No near panic was created.

The only trouble that bedeviled our economy during that time resulted from two causes: The tight, hard money policy of the same Secretary of the Treasury, on the one hand, and the tragic, cruel operation of the Department of Agriculture by Ezra Taft Benson.

The distinguished Senator from Vermont [Mr. Aiken] asked on the floor a little while ago, How low can a human being get? He was talking about a Democrat.

I answer by saying that I do not know. Benson is still Secretary of Agriculture. I think we will know, before Benson gets out, how low a human being can get, in or out of his position.

Talk about damage to human beings. Certainly no one would damage the great President of the United States or any of his fine family. But I have just as much regard for the average farm family in Oklahoma as I have for the family in the White House.

No; the great exponent of fiscal responsibility, after saying that the stars would fall from the heavens and the world would be changed in its course if he did not get an increase of \$15 billion at that time, found out that he was able to get through that whole fiscal year without any increase in the national debt.

Congress had not any more than assembled last year when the Secretary of the Treasury again asked for an increase in the national debt. The debt limit had to be a minimum of \$285 billion, \$10 billion above what it had been; and in order to keep the Government from getting into a position where it could not pay its bills, it was necessary to have a permanent increase in the debt ceiling.

I wish to congratulate the distinguished senior Senator from Virginia

[Mr. BYRD], the chairman of the Committee on Finance. He was not impressed by the fiscal responsibility of the Secretary of the Treasury on those occasions. He took the position that others in the Government, besides the Secretary of the Treasury, might have some fiscal responsibility. I was proud of myself as a Senator as I saw the great Senator from Virginia vigorously disputing with the Secretary of the Treasury of the United States and making his pronouncement with just as much dignity as the one to which he had been listening and with much more authority in fact.

That is one reason why I was sorry to see him led off by the Secretary of the Treasury on another urging of fiscal irresponsibility. I say to my great friend from Virginia that the Secretary of the Treasury is in just as great error today, when he talks about this proposition being fiscal irresponsibility, as he was a year and a half ago and a year ago, when he was saying that if Congress did not do certain things it would be guilty of fiscal irresponsibility in connection with increasing the debt limit.

The distinguished occupant of the White House has made some statements about fiscal policy; and since he also has hurled a charge of fiscal irresponsibility, I think we are entitled to examine what he has said in that field of human endeavor.

The President told reporters on February 17, 1953, that he had planned no tax cuts until the budget was balanced. In a speech before the Department of Commerce Business Advisory Council on March 18, 1953, he reiterated his stand against cutting taxes until the budget was balanced. He said:

Unless we balance the budget, there will never be any lowering of taxes.

Those were the words of Dwight D. Eisenhower, President of the United States, on March 18, 1953.

Imagine my astonishment a few days ago when, as a member of the Committee on Finance, I listened to the distinguished Secretary of the Treasury make some statements along that line. In a statement to the committee, he said:

We have reduced the Federal taxes \$7¼ billion.

Yet his chief, speaking less than 2 years previously, had said:

Unless we balance the budget, there will never be any lowering of taxes.

I do not know which one of them was guilty of fiscal irresponsibility or inaccuracy; but I know this: The two statements are in direct conflict with each other.

What is fiscal responsibility? It is giving due regard to the requirements of responsibility and integrity. It is giving due regard to the obligation of the office one holds or the position one occupies.

Have we fulfilled our responsibilities to the people of the country when we have given substantial tax relief to a very few of the people of our Nation, while we have denied it to the general group of our citizens and taxpayers? Have we met our responsibilities in the offices we

occupy when we have provided tax relief in excess of a billion dollars a year for 18 years to those who are operating great corporations and large businesses, whether they be individual or corporate; in providing a tax bonus or premium or exemption for the building of new production facilities, regardless of whether they are needed in our economy or war effort, or are not; and then by denying relief to the 70-odd-million taxpayers, especially to that group whose income is under \$5,000 a year?

Mr. GORE. Mr. President, will the Senator yield?

Mr. KERR. I yield to the distinguished Senator from Tennessee.

Mr. GORE. The answer to the question asked by the able Senator from Oklahoma might well depend, it seems to me, upon the person who was providing the answer and his outlook upon his fellow man.

Mr. KERR. I appreciate the Senator's observation. I must say, though, that I would have to strain my imagination to believe that he felt other than that he was justified. I should still doubt whether he could substantiate his position.

Mr. GORE. Is the able Senator interpreting my statement—

Mr. KERR. I know the Senator from Tennessee said the answer would depend on the outlook or viewpoint of the one meeting his responsibility.

No, I aligned the Senator from Tennessee with myself, and I said what I did only because I thought he was being complimentary, unjustifiably, to those about whom we both were speaking.

Mr. GORE. The Senator interpreted the remarks of the junior Senator from Tennessee correctly. I would like to inquire further if in the opinion of the senior Senator from Oklahoma it is irresponsible to give as much as \$10 relief for each child of a worker, to whom the Senator has already referred, who may have several children and is receiving a low income, but it is very responsible when there is provided a tax write-off for the remodeling of a racetrack, and when it is made possible for a concern to buy a fleet of Cadillac automobiles, use them very little, keep them 2 years, and then recoup a major part of their cost. Is not that the height of fiscal responsibility?

Mr. KERR. I say to the Senator from Tennessee, in the same spirit of sarcasm in which he asked the question, that my answer is in the affirmative.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield?

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. KERR. I yield.

Mr. DOUGLAS. Is it not true that both the accelerated depreciation and the dividend-tax-credit provisions operate to the benefit of those who own stocks in American corporations?

Mr. KERR. Oh, very definitely so. I might say, the accelerated-depreciation provision is available to an individual who might reduce his own taxes, at the

level in which he is paying taxes, in excess of the 85 percent which would apply if he did not have that privilege.

Mr. DOUGLAS. But since most industrial property is owned by corporations, is it not true that the benefits of accelerated depreciation will primarily go to owners of stock in such corporations?

Mr. KERR. That is correct.

Mr. DOUGLAS. Is it not also true that the stock of American corporations is, in the main, rather tightly held?

Mr. KERR. That is true of the large corporations.

Mr. DOUGLAS. Is it not true that the Federal Reserve Board had a study made for it, which was published in the article "1952 Survey of Consumer Finances" in the September 1952 issue of the Federal Reserve Bulletin which showed that less than 11 percent of the families in this country owned any corporate stock at all; that is, one family out of every 9?

Mr. KERR. I take it the question is, Is it not true that less than 11 percent of the families own most of the corporate stock?

Mr. DOUGLAS. No; own any corporate stock at all. I think that was the result of the study.

Mr. KERR. In other words, the study to which the Senator from Illinois refers discloses that not only do 11 percent of the families own most of the stocks, but they own all of them?

Mr. DOUGLAS. That is correct. Is it not further true that 1 percent of the families receive approximately 80 percent of the dividends?

Mr. KERR. That is true.

Mr. DOUGLAS. And therefore the chief benefits under the Republican tax bill accrue to the 1 percent of American families who receive approximately 80 percent of the dividends.

Mr. KERR. The Senator is eminently correct.

Mr. DOUGLAS. Therefore, was not the tax bill which our Republican friends passed last year in effect class legislation?

Mr. KERR. Without the slightest question of a doubt.

I wish to refer to another provision of the act which exemplifies the exalted fiscal responsibility of the Secretary of the Treasury. There now exists in the law what is known as the Humphrey "bloomer," which provision I believe is section 462 (c). That provision gives taxpayers the right to anticipate the expenses they are going to incur next year and take credit for them on this year's tax return.

Mr. DOUGLAS. Will the Senator yield further?

Mr. KERR. I shall yield as soon as I lay down this proposition. When that proposal was made to the Ways and Means Committee the representatives of the Treasury Department stated that the loss of revenue as a result of that provision would be negligible, and that it and some other items in total would not result in a loss to exceed \$47 million, and that this particular item was of such little account as not to warrant thought, notice, or consideration.

Mr. President, it is now disclosed that that little gadget may result in a bene-

fit of billions of dollars to corporate taxpayers in 1955. The minimum amount which I have heard estimated by any responsible authority is that it will cost the Government, and therefore save certain taxpayers, a billion dollars. Authoritative sources have said that in their judgment the provision would result in a loss to the Government of \$5 billion. Fiscal responsibility. What a delightful thing to compliment, and what a noble attribute to claim for one who operates in that fashion.

I yield now to the Senator from Illinois for a question.

Mr. DOUGLAS. I take it the Senator from Oklahoma is referring to section 462 of the 1954 tax law; is he not?

Mr. KERR. I think it is 462 (c).

Mr. DOUGLAS. That is correct; and that provision permits the taxpayer in the first year to deduct, not only the expenses for the current year for a certain number of items, but the anticipated expenditures for the following year, which have been contracted for and for which a reserve may be set up.

Mr. KERR. Whether contracted for or not; all he has to do is anticipate them or imagine them.

Mr. DOUGLAS. There can be included under that provision allowances for payments to welfare funds; that is, employers' contributions to welfare funds to pay sickness and hospital benefits to the employees.

Mr. KERR. That is true.

Mr. DOUGLAS. The provision would include allowances for vacations with pay.

Mr. KERR. That is correct.

Mr. DOUGLAS. And in all probability the provision would also include reserves for payments toward employee pension funds.

Mr. KERR. If either contracted, anticipated, or imagined.

Mr. DOUGLAS. Is it not true that a whole series of other purposes might be covered such as freight allowances, return sales, repairs, and replacements under guarantees, quantity discounts, legal expenses, pending litigation, and not yet billed, for insured, injury, and damage claims, cash discounts on open accounts based on past experience of the percentage of discounts taken, future services under contracts with automobile owners, repurchase of returnable containers sold, publishers' reserves for magazines to be returned by distributors, future costs of pending tax litigation, salesmen's or other employees' bonus, in addition to the vacations with pay and welfare funds and pension funds?

Mr. KERR. And a trip around the world for the board of directors.

Mr. DOUGLAS. In other words, in the first year, in 1954, the employers could deduct not only the actual expenditures made in 1954, but the expenditures in 1955, as anticipated, and therefore get 2 deductions in 1 year. Is that not correct?

Mr. KERR. That is absolutely correct, which would amount to giving to certain taxpayers a tax-interest-free revolving fund, on which the Federal Government would pay interest, since it would increase the national debt to that amount.

Mr. DOUGLAS. And after this year there would be deducted expenses not only for this year, but also for future years. Is that correct?

Mr. KERR. That is correct.

Mr. DOUGLAS. So there is granted a "one-shot bonus", so to speak.

Mr. KERR. Those taxpayers would receive the benefit of the bonus, because it would be built up by anticipating each year's expenses for the following year in the current year's tax return. They would never have to pay that tax unless Congress does what it is being asked to do in the amendment, and repeal the "bloomer."

Mr. DOUGLAS. What was primarily done by section 462 (c) was to allow the employer to make double deductions in the first year, and then anticipated deductions in the following years, but the benefit would come in the initial year.

Mr. KERR. That is correct.

Mr. DOUGLAS. That was based on the so-called Ruml plan which protected taxpayers for a period of time as the tax base moved from a past year to a present year or current basis for computing and paying income taxes quarterly, forgave a portion of the tax for the year in which the base was shifted.

Mr. KERR. That is correct.

Mr. DOUGLAS. In other words, those who wrote this section—whoever they were—and I think it would be very interesting to find out who they were—intended to have a double deduction given in the initial year; is not that true?

Mr. KERR. It is absolutely true.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. In a moment, Mr. President.

First, I wish to get into the Record at this point the definition of the word "silly," because the Secretary of the Treasury, so we were told a little while ago by the newspaper reports, said that the members of the Finance Committee who sponsored this substitute provision were ridiculous, irresponsible, and silly. Mr. President, I find that the word "silly" means just what I was afraid it did. [Laughter.] It means "archaic, helpless, frail, weak, sickly, rustic, plain, weak in intellect, witless."

Mr. President, you do not suppose the Secretary of the Treasury was referring to six Members of the United States Senate, do you? [Laughter.]

I read further from the definition of the word "silly":

"Lacking in sense, foolish, fatuous, proceeding from or characterized by weakness of mind or by folly, absurd, stupid."

Mr. DOUGLAS. Now we know what the Secretary of the Treasury thinks of us.

Mr. KERR. Yes, sir. [Laughter.]

Mr. President, I wish to ask Senators a question. As between, on the one hand, the group who are trying to give to those in the low-income brackets tax relief in the pitifully small sum of a \$20 exemption for the head of the house and an additional \$10 exemption for each member of his family, and, on the other hand, the group who have given such relief to those who say that, unless conditions change, they are going to have a

certain amount of expense next year, thus permitting them to make deductions this year—in only 1 year—in an amount equal to nearly the total amount of tax relief we propose to give the others in the next 2 years—I wish to ask Senators, Which one of those groups, if either, could qualify for that designation?

Mr. KNOWLAND. Mr. President, will the Senator from Oklahoma yield at this point?

Mr. KERR. For a question?

Mr. KNOWLAND. Yes; for a question.

Mr. KERR. Yes; I yield.

Mr. KNOWLAND. I wonder whether the distinguished Senator from Oklahoma—since he objects to the language of the Secretary of the Treasury; and I do not intend to discuss whether perhaps more appropriate terms might have been used—would settle for the statement of the distinguished Senator from Virginia [Mr. BYRD], the Chairman of the Finance Committee, namely, that it was erroneous and fictitious. [Laughter.]

Mr. KERR. Are those two alternatives the only ones the Senator from Oklahoma has? Does he have to settle for one of the two? [Laughter.]

Mr. KNOWLAND. Since the Senator from Oklahoma was complaining about some of the adjectives which had been used by the Secretary of the Treasury, I thought that when the distinguished chairman of the Finance Committee—who, I think is very restrained in his language, and certainly has as good a grasp of the fiscal problems of the Government as has any other Member of the Senate—speaks of it as being erroneous and fictitious, perhaps the language he uses is better than a statement that the proposal is "silly." It is at least subject to some criticism by reasonable persons, I think.

Mr. KERR. I wish to say to the great Senator from California that if he wishes to criticize the Chairman of the Finance Committee, I shall be glad to listen to the Senator from California when he does that, as soon as I have finished my remarks. [Laughter.]

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. KERR. I ask the Senator from Illinois to wait just a minute, please.

I would not blame the Senator from California for it, but I would not give him any aid and comfort in it.

I wish to say Mr. President, that I am sure the Senator from California is perfectly capable of doing his own criticizing; but I remind him that the distinguished Senator from Virginia [Mr. BYRD] said the \$20 tax reduction proposal was subject to criticism, whereas the Secretary of the Treasury said that the men who offered it were ridiculous, irresponsible, and silly.

In the first place, I wish to say that the Senator from Oklahoma does not have to choose between the two; he is privileged to decline either the criticism of the one or the opprobrium of the other. [Laughter.]

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. DOUGLAS. If I may turn from the badinage across the aisle—a contest in which the Senator from Oklahoma always wins—to the discussion of section 462, would the Senator from Oklahoma be interested in statistics, which some of us have gathered, as to the probable cost of section 462, as written by Secretary of the Treasury Humphrey and his associates?

Mr. KERR. I would be delighted to have that appear in the RECORD at this point.

Mr. DOUGLAS. If we consider paid vacations, we find there are in the United States approximately 15 million workers who, under union contracts, have paid vacations provided for them, and therefore those vacations are a contractual obligation. I am told that the average vacation credit so provided is approximately 2 weeks. The average weekly wage in the United States is approximately \$75 a person. So this would mean a liability for this year of approximately \$150 a person, or a total of approximately \$2.25 billion; and, for next year, the same amount.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to ask a question to clarify the situation: To whom are the exemptions to be given? To the corporations or to the workers?

Mr. DOUGLAS. To the corporations.

Mr. JOHNSTON of South Carolina. The exemptions are not to be given to the workers?

Mr. DOUGLAS. No.

Mr. President, as the Senator from Oklahoma well knows, this issue was raised in the House of Representatives by two very able Democratic Members of the House, namely, Representative WILBUR D. MILLS, of Arkansas, and Representative HERBERT ZELENSKO, of New York. Representative ZELENSKO inquired of the Department of Labor as to the probable cost of vacation credits. I hold in my hand a copy of a letter, which I believe to be correct, from the Acting Commissioner of Labor Statistics, to Representative ZELENSKO, the third paragraph of which reads as follows:

No precise data exist as to total expenditures by employers for paid vacations.

Listen to this, Mr. President:

Using several different bases of estimation, we believe that total vacation payments fell in a range of \$3,225,000,000 to \$4,000,000,000 in 1954.

Mr. KNOWLAND. Mr. President, will the Senator from Oklahoma yield at this point, so that I may ask a question of the Senator from Illinois?

Mr. KERR. Mr. President, I ask unanimous consent that that may be done without causing me to lose the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KNOWLAND. I should like to ask the distinguished Senator from Illinois whether he is complaining about paid vacations.

Mr. DOUGLAS. No; not at all.

Mr. KNOWLAND. Or does not the Senator from Illinois believe that a paid vacation is a proper charge against the earnings of a corporation?

Mr. DOUGLAS. Certainly it is. What I am objecting to is the employer being given credit twice for the same payment.

Mr. KERR. During this year, for a payment he is not going to make until next year.

Mr. DOUGLAS. That is correct. He is given credit this year not only for this year's payment, but for next year's payment, too, and the Government loses 52 percent of this sum, which it would otherwise collect in taxes. On this item alone it loses between one and three-quarters and two billion dollars.

Mr. President, will the Senator from Oklahoma further yield?

Mr. KERR. I yield for a further question.

Mr. DOUGLAS. The item to which I have referred relates to vacations with pay. Let us consider the question of employee pension plans. This morning the chairman of the board of the Chase National Bank, Mr. John J. McCloy, an eminent Republican, testified before the Senate Committee on Banking and Currency that in 1954 there was expended on pension funds between \$1,600,000,000 and \$2 billion. It is my understanding that deductions for pension funds also come under section 462. So there will be a double shot on pension funds, and the Government will therefore lose on this item alone between \$800 million and \$1 billion more. This, added to the cost of vacations with pay, makes a total of between two and three-quarters and three billion dollars. Then we have welfare funds and all the other items. So I think the Senator from Oklahoma is eminently conservative when he speaks of possible losses of \$3 billion in governmental revenue through section 462.

Mr. KERR. In 1 year.

Mr. DOUGLAS. In 1 year.

Mr. KERR. I thank the distinguished Senator from Illinois for this illuminating discussion and statement at this point in the RECORD. It illustrates that those who hold themselves out as great fiscal authorities have records which show—if mistakes in actions and inaccuracies in statement can do so—that they themselves are guilty of irresponsibility.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. DOUGLAS. Is it not a fact that the administration and the Treasury Department began to frame the revenue bill of 1954 early in 1953, and that in the secret places of the Treasury Department the bill was drafted and built up over a period of a year and a half, and then presented, section by section, to the House Ways and Means Committee? It was not presented as a whole, but section by section, allowing the members very little time in which to analyze it.

Mr. KERR. I must answer the distinguished Senator by saying that I am not in a position, from firsthand knowledge, to answer the question as to how it was presented to the House Ways and Means Committee. The deliberations of the Senate Committee on Finance on the same bill were lengthy. I was a member of the Finance Committee then, as I

am now. The deliberations were totally inadequate to enable us to gain anything like a complete or accurate grasp of the situation. The only thing I have seen of greater length than that bill, which is in common circulation, is either the telephone directory of New York City or a Sears-Roebuck catalog.

I hold in my hand a copy of the Internal Revenue Code of 1954. It contains 984 pages of fine print. In my judgment, as was said on the floor of the Senate last year, it is more of a full-employment act for tax attorneys, and a compilation of special privileges for about 5 percent of the taxpayers of the country, than anything else I can think of.

Mr. DOUGLAS. Mr. President, will the Senator further yield?

Mr. KERR. I yield for a question.

Mr. DOUGLAS. I hold in my hand a copy of the report of the House Committee on Ways and Means on that tax bill. On page B-6 the minority complain of the fact that the staffs of the Treasury Department had spent more than 2 years preparing recommendations in connection with the bill, while in contrast the committee was given only 1½ months to deal with it. Further inquiry develops that the committee was given the bill section by section. It was doled out to them in installments. The committee stated:

The staffs of the Joint Committee on Internal Revenue Taxation and the Treasury Department together have spent over 2 years preparing recommendations for this bill. . . .

In contrast, the committee deliberated on this bill for only 1½ months.

We fear that, in the hasty manner in which this most complicated legislation has been handled, we will have to spend many weeks straightening out the law in the future, if the bill becomes law.

And the opposite party was in control of the Congress at that time.

In the short time which we have had to review the bill—and we were only given a completed committee print a week ago—we have found certain changes which are being proposed which we question. The fact that we have not commented on other changes in the bill does not necessarily mean that we approve them.

In other words, the bill was jammed through the House Committee on Ways and Means under more or less of a gag rule, and when it was brought to the floor, amendments were not permitted. The only thing that was permitted was a motion to recommit.

Mr. KERR. I know that the Senator's reading is accurate, and I must say that in my judgment the statements referred to are fully justified.

Mr. DOUGLAS. The Senator from Oklahoma serves on the Senate Finance Committee. When the bill came to the Senate, was not the pressure on the Senate Finance Committee very heavy?

Mr. KERR. I must say to my good friend that members of the Finance Committee of the Senate had some opportunity to examine the bill, discuss it, and ask questions about it, but it was handled in a very limited time, during which it would have been physically and mentally impossible to have become fully aware of and acquainted with all

the provisions of the bill, which is one of the reasons why the Senator from Oklahoma voted against it.

Mr. DOUGLAS. Mr. President, will the Senator further yield?

Mr. KERR. I yield.

Mr. DOUGLAS. Is it not true that a very public-spirited citizen by the name of J. S. Seidman, chairman of the committee on federal taxation of the American Institute of Accounting, made a very reasoned criticism of the bill, and called special attention to section 462? I read from page 1321 of the Senate hearings—

Mr. KERR. I will say to the Senator that the accountants' organization advised the Senate Finance Committee that that provision should be carefully looked into and examined, and indicated their judgment that it would be far more expensive than had been indicated by the Treasury Department.

Mr. DOUGLAS. The Senator from Oklahoma, as usual, is correct. Will the Senator permit me to read a passage from the hearings?

Mr. KERR. I shall be glad to have the Senator do so.

Mr. DOUGLAS. The witness stated as follows, with respect to section 462:

The definition of estimated expenses should be narrowed to permit the deduction of only those expenses related to the current year and prior years—

Not future years—

subsequent to election. Otherwise, as the provision now stands, it would seem that interest for all years to maturity would be currently deductible.

He then goes on to criticize other sections, and comments as follows:

To avoid the impact on the revenues in the transitional year where there will be a deduction both for the actual expenses and the estimated expenses, and in order to avoid undue distortion of income, the addition to the reserve should be spread as a deduction over the transitional year and the 2 succeeding years.

In other words, he proposed to ease the blow by spreading the added deduction over 3 years, instead of concentrating it all at once.

Did the Secretary of the Treasury pay any attention to the warning thus given to him?

Mr. KERR. I do not know whether he called the accountants irresponsible.

Mr. DOUGLAS. Is it not true that the Secretary is now saying that this so-called inadvertence was not revealed in the hearings? I ask that question because I hold in my hand a transcript of the television program Face the Nation, of last Sunday on the CBS network, in which the Honorable George M. Humphrey appeared. He was asked this question by Mr. John J. Madigan, of Newsweek:

Was there any explanation of why it was not discovered during the testimony before congressional committees at the time it went into—

Secretary Humphrey. No.

I am sure the Secretary of the Treasury spoke in good faith. However, the record clearly shows that it was pointed out by the American Institute of Accountants and that the institute recom-

mended different treatment for this item. Therefore, was not the Secretary of the Treasury somewhat irresponsible in this case in not taking into account the enormous losses of income?

Mr. KERR. Mr. President, I do not know that I would describe the Secretary's actions as being irresponsible, so much as bullheaded.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. JOHNSON of Texas. The Senator would admit, would he not, that it was either an irresponsible answer, or a political answer, or a silly answer?

Mr. KERR. Or worse; yes.

Mr. DOUGLAS. Mr. President, will the Senator further yield?

Mr. KERR. I yield.

Mr. DOUGLAS. It is true, is it not, that in recent days the Secretary of the Treasury has admitted that it was an error?

Mr. KERR. He not only has admitted it was an error but he actually thinks it ought to be corrected. The group of members of the Committee on Finance who have submitted their minority views, with the aid of the distinguished Senator from Illinois and, I hope, all the other Members of the Senate, will correct it for him.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. KERR. I am glad to yield.

Mr. DOUGLAS. Is it not true that the Secretary of the Treasury admitted that it was an inadvertence only after Representative MILLS had raised the question in a meeting of the Committee on Ways and Means of the House on February 21 and had asked a question about it, and after Representative ZELENSKO, of New York, had made a slashing speech on the floor of the House when the tax bill was under consideration?

Mr. KERR. And also after both actions had been widely publicized.

Mr. DOUGLAS. Therefore it was due to action on the part of Democratic Members of both the House and the Senate that this great loss of revenue has been called to the attention of the general public. Is that correct?

Mr. KERR. And it has resulted in either inspiring or provoking the suggested action by the Secretary of the Treasury.

Mr. DOUGLAS. Mr. President, would the Senator from Oklahoma permit the Senator from Illinois to insert in the Record at this point a list of deductions which a number of great American corporations will make for this year and the coming year in their tax figures?

Mr. KERR. Does the Senator mean with reference to the Humphrey "bloopers"?

Mr. DOUGLAS. With reference to the so-called Humphrey "bloopers"; yes.

Mr. KERR. I should be delighted to have the Senator do so.

Mr. DOUGLAS. I should like to read the names of some of the corporations, and insert more later.

Mr. KERR. I am delighted to have the Senator do so.

Mr. DOUGLAS. I hold in my hand a photostatic copy of page 39 of the Wash-

ington Post and Times Herald of January 28, 1955, which reads:

Capital Transit Co. doesn't owe Uncle Sam any income tax for 1954, according to the company's preliminary report filed with the District Public Utilities Commission.

The windfall, a CTC spokesman explained, is due to section 462 of the Internal Revenue Code. This new clause, he said, permits a company to create reserves for estimated expenses related to 1954.

Of course, also for 1955.

I have collected figures from a number of corporations which show, for example, that the Union Carbide & Chemical Co. will benefit to the extent of about \$3,500,000; Allied Chemical, about \$3 million; and General Baking, about \$497,000. For other firms I have figures showing their actual tax reductions. These are: Montana Power Co., \$64,580; Continental Baking, \$616,000; Connecticut Light & Power, \$273,000; Mohawk Carpet Mills, approximately \$300,000—includes depreciation of additions to capital assets on a liberalized basis; Oklahoma Gas & Electric, \$227,000; Jones & Laughlin Steel Corp., \$1,350,000. These are merely a few corporations from which I have been able to get annual statements in the past 24 hours.

Mr. KERR. A few of the smaller corporations, I assume.

Mr. DOUGLAS. They are not giant corporations.

Mr. KERR. I thank the Senator from Illinois for his remarks.

I wish to examine another aspect of the fiscal thinking and recommendation of the present administration with which I came in contact this morning. I heard the Secretary of Commerce before the Public Works Committee discuss the proposed Eisenhower road program, as provided in S. 1160, which is now before the Public Works Committee.

Under that bill the United States Government would organize a financial corporation with authority to issue from \$20 billion to \$25 billion worth of bonds, and the Secretary of the Treasury, upon the request of the officers of that corporation, would advance to it out of the Treasury of the United States up to \$5 billion of Government funds. Furthermore, the bill would appropriate ad infinitum all the revenue derived by the Government from the present excise tax of 2 cents a gallon on gasoline and other motor fuels, which would provide approximately \$650 million a year.

The Secretary of Commerce said the appropriation would provide sufficient revenue to fortify and justify a bond issue of up to \$25 billion, pay the interest on it and retire it in full in a period estimated at not to exceed 30 years.

He was asked if such an operation would involve the full faith and credit of the United States Government, and he said, "Not at all."

He was asked if the operation would be a direct obligation of the United States Government, and he said, "Not at all."

He was asked if such an operation would indirectly involve the full faith and credit of the United States Government, and he said, "Not at all. Who ever heard of such a silly idea?"

He was asked if the operation would indirectly involve an obligation of the United States Government, and he said, "Not at all."

The distinguished chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD] has had quite a good deal to say about the fiscal responsibility of that proposal. I wish to say that what he has said about it is far more accurate and justified with reference to an act constituting fiscal irresponsibility than the suggestion of the minority of the committee is in accord with the accusations of the Secretary of the Treasury. The action of the House of Representatives does not justify the accusation by the President of the United States of being fiscally irresponsible.

Mr. President, I wish to ask Senators this question: As between the Secretary of the Treasury having a directive from the Congress of the United States to loan corporations \$5 billion of Government money without collateral, without a due date for its repayment, without interest, and a proposal to provide less than a billion dollars a year in tax relief to the low-income groups in our country, which one is consistent with a high regard for fiscal responsibility?

Mr. O'MAHONEY. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. O'MAHONEY. I wonder if the Senator from Oklahoma took note of a certain provision of the bill concerning which the Secretary of Commerce testified this morning, and of which I have now learned for the first time. I refer to the provision which sets up a board of directors for the corporation and enables it to issue bonds against the United States for which a permanent appropriation has been made. Did the Senator see that provision?

Mr. KERR. I saw it. I should be glad to have the Senator say what he wishes to say about it.

Mr. O'MAHONEY. Did the Senator take note of the fact that this provision of the administration bill creates a board of directors of 5 persons; that it provides that 3 shall be selected without regard to political affiliation, from the general public; that one of them shall be the managing director of the corporation, on full salary and at full time; that the other two chosen to represent the public shall serve when they are called, at \$100 a day, and they shall be called not less than twice a year; and that the other two directors are the Secretary of Commerce and the Secretary of the Treasury. So the provision clearly places in the hands of the Secretary of Commerce, the Secretary of the Treasury, and the full-time director employed at a large salary to represent the public, the handling of the entire bonding of this proposed road system.

I think it is the zenith of fiscal irresponsibility.

Mr. KERR. I thank the distinguished Senator from Wyoming for his observation, for this reason, Mr. President: We have an administration whose spokesmen are branding the Democratic leadership of the Senate and of the House of Representatives as being fiscally irresponsible for trying to provide tax relief

to the many instead of to the few. That is said to be irresponsible, ridiculous, and silly. Then the representatives of the same administration tell the Congress that the Treasury is to put up \$5 billion of Government money, and that it is not a direct obligation of the Government and not a part of the national debt, and that Congress will be called upon to pass laws making appropriations of public funds from now until the bonds are paid, or throughout all eternity, without the bonds being a direct or an indirect obligation of the Federal Government, or without in anywise involving the full faith and credit of the Government. Yet those in the administration who advance this proposal are holding themselves out as the apostles, advocates, and examples of fiscal responsibility.

Mr. BYRD. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. BYRD. Mr. President, I wish to concur in what the Senator from Oklahoma says with respect to the proposed road plan and I should like to go a step further and say that if this road plan should be adopted, it would destroy honest bookkeeping, because we would have two sets of books. In one set the Government would conceal from the people a bona fide debt, for it must be a bona fide debt, if the bonds are sold.

Mr. KERR. If it is not a bona fide debt of the Government, the corporation could sell no bonds, or they would be perpetrating a fraud.

Mr. BYRD. That is correct. Has the Senator noted that the bill provides for selling these bonds to trust funds of the United States?

Mr. KERR. Yes; to any bank of the United States or any trust fund operated by any bank.

Mr. BYRD. The Senator is familiar with the Social Security trust fund, for instance, in which are deposited the savings of those who contribute to their old-age retirement.

What does the Senator think of a bill which in one section declares these highway bonds would not be a debt of the Federal Government, and in another section provides that the officials of the Federal Government can sell the bonds to Federal trust funds for which they are guardians? What does the Senator think of that?

Mr. KERR. I thank the great Senator from Virginia for referring to that fact, because it shows to what length representatives of this administration will go in sponsoring a program which they favor, as contrasted with the length to which they will go to hold up to scorn and ridicule those who advocate a measure with which they disagree. There can be no question in the minds of fair and reasonable people—and the American people are fair, reasonable, alert, and intelligent—that the public will become aware of the hypocrisy of the representatives of an administration who say we can use \$25 billion worth of funds of the Federal Treasury and make the bonds representing that amount available for investment, but the bonds are no part of the national debt, although they involve the faith and credit of the Federal Government. Sponsors of

this proposal say it is a measure of high fiscal integrity and virtue. Why, Mr. President? Because the bonds carry a higher rate of interest than would otherwise be available to private investment firms in this country.

Mr. President, what is the proposal of the minority members of the Finance Committee? They give the Congress of the United States a clear choice. We can do one of two things: We can provide less than a billion dollars a year tax relief to the low-income taxpayers, or we can leave in the law tax relief in excess of a billion dollars to those who are the most favored and best situated among our taxpayers. We can provide less than a billion dollars a year tax relief to seventy-odd million taxpayers, or we can continue as is now provided by the Revenue Act of 1954 in excess of a billion and a quarter dollars a year tax relief to less than 5 percent of the people of the United States.

Mr. O'MAHONEY. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. O'MAHONEY. I wanted to ask the Senator a question having to do with the point which he and the Senator from Virginia were discussing, namely, the investment in trust funds.

The distinguished and able Senator from Delaware [Mr. FREAR] asked me a moment ago if it was my opinion that under a law which declared that the bonds were not a direct obligation of the Government, it would be possible to sell them to any bank or institutional investor.

I answered him by saying that the question overlooked the fact that such investment is permitted in the trust funds. This means that all the money which the small people of the United States may invest in postal savings, all the money which the employees of the United States Government may contribute to their retirement fund, and all the money which may be paid by workers throughout the country toward social security—all that money, under the provisions of the bill, may be diverted from the purposes for which it was intended, and invested in bonds which the bill says would not be a direct obligation of the United States.

In all my experience, it is the most fantastic proposal I have ever encountered as coming from the executive branch of the Government.

Mr. KERR. Would the Senator say it might even be a little bit silly?

Mr. O'MAHONEY. I do not like to apply adjectives.

Mr. KERR. I did not refer the word to those who advocated the proposal; I meant the proposal itself. Would the Senator from Wyoming say that the proposal is a little bit silly?

Mr. O'MAHONEY. I should say the proposal is completely silly. It is more than that. I think it is a proposal which, in the language used in the bill, covers up the purpose that is sought to be accomplished.

Mr. KERR. I thank the Senator from Wyoming.

Mr. President, so long as the money spent or the interest involved is with reference to those in the low-income

groups—yes, the widows and the orphans—either doing them justice or safeguarding their assets, it is a matter of little note; and regardless of what may be done with it, no criticism can attach. But, Mr. President, we must not touch the precious few who constitute less than 5 percent of the people of the country, and for whose benefit those provisions of the act of 1954 were exclusively written upon the statute books of the Nation.

The choice is this: The proposal of the minority would bring in, during the next 2 fiscal years, a minimum of \$6,155,000,000 in revenue not now provided for, and not provided for in the bill.

Of that amount there would be expended in the next 2 fiscal years a total of \$1,261,000,000 in the form of tax relief to the income-earners receiving an average of less than \$5,000 a year. This would leave in the United States Treasury a net of \$4,894,000,000 minimum in the next 2 fiscal years, over and above the amount which the Treasury will receive either under existing law or under the provisions of the proposed substitute.

Or, if the proposal of the minority group be rejected, the result will be a continuation of in excess of \$350 million a year tax bonus, exemption, and benefit to less than 5 percent of the people who receive the dividend income of the Nation. It will continue in excess of \$1 billion a year tax bonus, tax premium, and tax benefit to those taking advantage of the accelerated depreciation feature of the act of 1954. It should also be noted that under the provisions of the substitute, individual and corporate rates will be extended until the end of fiscal 1957 or into the middle of 1957, so as to correct the so-called Humphrey "bloop."

In my judgment, the adoption of the substitute would recognize our responsibility to do equity and justice as between all the taxpayers of the Nation.

In his testimony on the bill, the Secretary of the Treasury made the statement, "We reduced taxes last year \$7,400,000,000," when the fact is that \$3 billion of the reduction to individual taxpayers was the result of the Democratic tax bill of 1950 or 1951; \$2 billion of the reduction was the result of the expiration of the excess profits tax, originally provided for in a Democratic bill, and then extended and terminated by the Revenue Act of 1953; \$1 billion was the result of a reduction in excise taxes, brought about last year, which the Secretary of the Treasury admitted was over his objection and over the objection of the administration. The Secretary said \$1,400,000,000 in relief was provided by the Revenue Act of 1954, for which he took responsibility, and with reference to which I was glad to have him take responsibility.

But I reminded him, and I now remind the Senate, that the \$7,400,000,000 tax relief granted by all these reductions is of less benefit to the families earning less than \$5,000 a year than would be the substitute suggested and sponsored now by the minority of the members of the Committee on Finance.

The substitute to which I now refer, and the adoption of which I favor and

urge, in providing an exemption of less than \$1 billion a year—\$20 to each taxpayer, other than his spouse, and an additional \$10 credit for each dependent of the taxpayers generally, who do not have the benefit of the split income feature, thus holding the reduction, on the average, to those earning less than \$5,000 annual income—will furnish a greater degree of tax relief to those who need it most than will the total amount of \$7,400,000,000 in reductions which went into effect last year.

Mr. President, the choice is simple, plain, and clear. In voting upon the substitute proposal, we shall vote either to give relief in a limited manner and degree to those who need it most, or to keep giving relief to those who need it least.

By voting for the proposed substitute, we shall provide a minimum of an additional \$4.5 billion in revenue during the next 2 fiscal years, which, if the estimates of the Treasury are correct, will come very close to balancing the budget in fiscal 1957. By voting against the substitute, we shall leave tax relief to be looked at, and either to be provided or ignored in the election year of 1956.

Therefore, I urge the favorable consideration and acceptance by the Senate of the substitute proposal.

Mr. KNOWLAND. Mr. President, in the interest of accuracy, I think it would be well to place into the RECORD at this point a statement which Secretary of the Treasury Humphrey made before the Ways and Means Committee of the House at 10 o'clock this morning, when testifying on the bills before that committee; H. R. 4725, which was introduced by Mr. COOPER, the chairman of the Ways and Means Committee; an identical bill, H. R. 4726, which was introduced by Mr. REED, of New York, the ranking minority member of the committee; together with copies of two letters which the Secretary of the Treasury addressed to Mr. COOPER, the chairman of the House Ways and Means Committee, dealing with this subject, and suggesting proposed legislation in regard to it.

I ask unanimous consent that those documents be printed in the RECORD.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Is there objection?

There being no objection, the documents were ordered to be printed in the RECORD, as follows:

STATEMENT BY TREASURY SECRETARY HUMPHREY BEFORE WAYS AND MEANS COMMITTEE, MARCH 10, 1955

Mr. Chairman, I am here today to urge prompt action, as I did in my letter to the chairman on Monday of this week, to repeal sections 452 and 462 of the Internal Revenue Code of 1954.

The original objectives of these two sections which cover prepaid income and reserves for estimated expenses was simply to conform tax accounting with business accounting. It was never intended that these provisions would result in any substantial loss of revenue or result in windfalls to taxpayers. A review of the consideration of this subject by this committee will confirm the impression held at the time by lawyers, accountants, and businessmen, that the basic motive for these provisions was simplifica-

tion of tax accounting procedures, and not radical tax reductions.

This tax law became effective on August 16, 1954. During the fall, as the knowledge of its provisions increased, there began to be rumors that these particular provisions might not work as originally intended. Before the end of the year, studies by the Treasury staff, working with the staff of your committee, were undertaken to see if the threatened situation could properly and effectively be cured by regulation. Proposed regulations were issued on January 22. However, until the time came when these provisions began to be put into actual practice by taxpayers preparing their income tax returns and the 30 days expired for protests against the proposed regulations, there was not much reliable information available.

It then developed that there is a sharp difference of opinion between taxpayers and the Government as to the scope of these sections. The tentative regulations issued by the Treasury on January 22, in order to carry out the provisions of the law, have come under strong attack as being too restrictive in limiting the intended application of the sections. Taxpayers have already served notice that they intend to litigate this restriction. Should they be successful in the courts, the revenue loss under the law might be far in excess of anything contemplated by the Congress. As soon as the checks were sufficiently conclusive to satisfy the staff that the original objective might not be carried out and that the situation could not be adequately corrected by regulation, they reported their findings and we promptly made this move to call the matter to the attention of the Congress.

The original estimate for several so-called bookkeeping items, of which sections 452 and 462 were the principal revenue items, was \$47 million. The limited check that we have made around the country indicates that the loss would be substantially greater than the original estimates. How much greater it might be we cannot now say because we simply do not have the information as to what the bulk of taxpayers concerned might claim should these provisions remain in the law, and with the litigation that would surely be involved in many cases should the provisions remain, we might not have final figures on the loss for years to come.

Repeal of these two provisions will restate the legal rights of everyone just as they were under the old law prior to last August and protect the Government from revenue loss which was never intended by the Congress.

I wish to emphasize that there is almost no new money over our original estimates which will be added to the Treasury by repeal of these two provisions. This action simply avoids unplanned loss of revenue.

The objective of trying to conform tax accounting with business accounting is still a sound one. In trying to do this, however, a serious mistake was made in not sufficiently limiting the application of the provisions and restricting the revenue impact of the changes as enacted. That is why repeal is required rather than amendment, so as to be sure that in any new approach to the original objective the revenue is adequately protected.

As we have previously testified and said many times, in a revision of tax laws involving 875 pages of printed matter covering all of the law with respect to Federal taxation, it is inevitable that some errors should creep in. These can all only be developed by experience in actual practice and we have repeatedly said that as soon as any discrepancy between the original congressional intent and actual operation of the law became apparent we would call it to the attention of the Congress for corrective action. This is such a case.

H. R. 4725

A bill to repeal sections 452 and 462 of the Internal Revenue Code of 1954

Be it enacted, etc.—

SECTION 1. Repeal of sections 452 and 462. (a) Prepaid income: Section 452 of the Internal Revenue Code of 1954 is hereby repealed.

(b) Reserves for estimated expenses, etc.: Section 462 of the Internal Revenue Code of 1954 is hereby repealed.

SEC. 2. Technical amendments.

The following provisions of the Internal Revenue Code of 1954 are hereby amended as follows:

(1) Subsection (c) of section 381 is amended by striking out paragraph (7) (relating to carryover of prepaid income in certain corporate acquisitions).

(2) The table of sections for subpart B of part II of subchapter E of chapter 1 (relating to taxable year for which items of gross income included) is amended by striking out—

“SEC. 452. Prepaid income.”

(3) The table of sections for subpart C of such part II (relating to taxable year for which deductions are taken) is amended by striking out—

“SEC. 462. Reserves for estimated expenses, etc.”

SEC. 3. Effective date.

The amendments made by this act shall apply with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954.

H. R. 4726

A bill to repeal sections 452 and 462 of the Internal Revenue Code of 1954

Be it enacted, etc.—

SECTION 1. Repeal of sections 452 and 462.

(a) Prepaid income: Section 452 of the Internal Revenue Code of 1954 is hereby repealed.

(b) Reserves for estimated expenses, etc.: Section 462 of the Internal Revenue Code of 1954 is hereby repealed.

SEC. 2. Technical amendments.

The following provisions of the Internal Revenue Code of 1954 are hereby amended as follows:

(1) Subsection (c) of section 381 is amended by striking out paragraph (7) (relating to carryover of prepaid income in certain corporate acquisitions).

(2) The table of sections for subpart B of part II of subchapter E of chapter 1 (relating to taxable year for which items of gross income included) is amended by striking out—

“SEC. 452. Prepaid income.”

(3) The table of sections for subpart C of such part II (relating to taxable year for which deductions are taken) is amended by striking out—

“SEC. 462. Reserves for estimated expenses, etc.”

SEC. 3. Effective date.

The amendments made by this act shall apply with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954.

MARCH 3, 1955.

HON. JERE COOPER,
Chairman, House Ways and Means
Committee, House of Representatives,
Washington, D. C.

DEAR MR. CHAIRMAN: I am writing you with respect to reserves for estimated expenses under the provisions of the new tax code. The Treasury staff in collaboration with the staff of the Joint Committee on Internal Revenue Taxation has been investigating for several months this subject and several others which may need congressional correction.

We will submit to your committee a full list of these provisions, together with our suggestions, in the near future. This will include our report and recommendations concerning reserves for estimated expenses.

Although the studies made thus far are not finished, it seems clear that some of the reports on the revenue law involved are grossly exaggerated.

We will urge your committee to take prompt remedial action.

Sincerely,

G. M. HUMPHREY.

MARCH 7, 1955.

HON. JERE COOPER,
Chairman, House Ways and Means
Committee, House of Representatives,
Washington, D. C.

MY DEAR MR. CHAIRMAN: This supplements my letter of March 3 concerning the operation of the two new accounting provisions covering deferred income and reserves for estimated expenses (sections 452 and 462 of the Internal Revenue Code of 1954). Our studies now have proceeded far enough to indicate clearly that many taxpayers are planning to use these provisions to defer income and create deductions in excess of any contemplated at the time they were proposed.

The objective of these sections was simply to conform tax bookkeeping with business bookkeeping. They never were intended to cover innumerable items some taxpayers apparently intend to claim. If permitted to remain in the law, they will cause a greater loss in revenue than estimated and cause considerable litigation. We are unable to adequately correct this by regulation. Accordingly, I recommend that the two provisions cited above immediately be repealed retroactively to their original effective dates.

Our report and recommendations on various other technical corrections in the 1954 code will be ready soon.

Sincerely,

G. M. HUMPHREY.

Mr. KNOWLAND subsequently said: Mr. President, I ask unanimous consent to have printed in the body of the RECORD, at the point where I placed other material in the RECORD including a statement by the Secretary of the Treasury before the House Committee on Ways and Means, information which has been extracted from the unedited record of the Committee on Ways and Means, and in which the following colloquy took place, wherein the word “silly” was used.

I think it important that the connotation be made clear, because I do not believe the statement connotes what it was earlier interpreted to mean. I read from the statement by Secretary Humphrey, in part, as follows:

Now, there is no gain in any of the fiscal years involved except the fiscal years as they come by the extension of these other taxes. So there is no gain by the extension of excise taxes or corporate taxes in years that we are discussing. Those are for future years, and it is just as silly to say that that is a saving of tax or an increase of tax to the Treasury as it would be to say that we are going to add \$60 billion a year with the other taxes in those same years.

When that is made clear, it can be seen that some misinterpretations were placed on the Secretary's remarks. He was not referring to individual Senators, but to a claim that merely extending excise taxes an additional year beyond what they are proposed to be extended in the bill would provide a gain in revenue at this time which would affect the balancing of the budget.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM TESTIMONY BY SECRETARY HUMPHREY BEFORE WAYS AND MEANS COMMITTEE, MARCH 10, 1955

Secretary HUMPHREY. I will be very glad to comment. In the first place, as I said in my statement, this bill will not make any money to speak of. We estimated a total loss of \$50 million for this and other items. Some one of those items was dropped out and the 50 revised to 47, so that this and the other items together, we estimated, would be \$50 million. Now, if this is repealed, some part of that \$47 million will not be spent. That is, it will be saved. But that is all that is involved in this bill. There is no billion dollars or any other amount that will be saved to the Treasury, that will be added to the Treasury's receipts, over and above estimates, because of this bill. All we will do will be to save a possible loss under Treasury estimates.

Now, there is no gain in any of the fiscal years involved except the fiscal years as they come by the extension of these other taxes. So there is no gain by the extension of the excise taxes or corporate taxes in years that we are discussing. Those are for future years, and it is just as silly to say that that is a saving of tax or an increase of tax to the Treasury as it would be to say that we are going to add \$60 billion a year with the other taxes in those same years.

Mr. MILLS. It would add to the revenues for the fiscal year 1956.

Secretary HUMPHREY. There will be \$60 billion of other revenues. And to say that you are going to have \$60 billion added is just as silly as anything I can think of, and it is perfectly misleading.

Now, as to the extension of taxes into future years, that is just silly to say that adds to the Treasury's return.

Now, as to the two items that he suggests be withdrawn, be canceled, one is the dividend credit, which is 180 to 360, and the other is the depreciation item, which is somewhere from 300 to 900, depending upon the quarters you are talking about, as he gives the figures; and I am not sure those are the correct figures and we haven't checked them, but they are good enough to talk about.

If you will go back, Mr. MILLS, just about 1 year, you will recall that the prophets of doom and gloom were sending this country to the dogs—that we were heading straight for the dogs if various things weren't done. A lot of very unsound, in our opinion, proposals were made which were discarded. In lieu of those unsound things that were suggested to pull us out of the doom and gloom that was threatened, we did several things—this administration did several things—one of which was to pass this tax law which contained these two provisions.

Now, then, the things which were done, including these two provisions, have reversed this field and, instead of being headed for doom and gloom today, we are headed for and are in better times, and I think there is nobody anywhere who will deny that. If the prophets of doom and gloom of a year ago now want to start out repealing the things that reversed the field and send us back into doom and gloom, they ought to adopt this kind of proposal.

This proposal is just as irresponsible, just as political, and just as bad from every point of view as the original proposal, with the added amount of repealing the things that have been helpful in reversing the field from doom and gloom to better times—to making jobs instead of losing jobs.

Mr. MILLS. Mr. Secretary, do I understand, then, from what you say, that we should do nothing about the provisions of H. R. 8300 that are correctly drawn to carry out the principles which were agreed upon for inclusion in the bill because of the possibility that, if we do upset any of those provisions,

we may reverse the upswing in business activity and bring about depression or a downturn in business activity?

Secretary HUMPHREY. I said last year—and I told you and I told everybody—that, in my opinion, those were two important provisions to help strengthen the economy—to make jobs. The jobs are being made. Those provisions were enacted and the jobs are being made and I think they are contributing to it. I think it would be a great mistake to repeal them.

Mr. KNOWLAND. Mr. President, I think those who are interested in the facts rather than in the politics of the situation will see that the Secretary of the Treasury has given a very forthright statement of the background of the tax provision, the repeal of which he has recommended, and has pointed out in his statement that the matter had been called to the Department's attention.

The provision under discussion went into effect only in August of last year. As soon as the Treasury began to check it and learned that there had been some difference of opinion, apparently, between the taxpayers and the Treasury Department as to the effect of the provision, the Treasury's experts were put to work on it. The Secretary has very promptly called the matter to the attention of Congress and has recommended definite action.

I do not think any fairminded American will contend that every piece of legislation enacted by this Congress or by any prior Congress is perfect in every detail. We are constantly passing bills to amend acts of previous sessions of Congress. I think at least fairminded Americans will recognize that when an error is discovered, due credit should be given to members of the minority party, who also called the matter to the attention of their respective Houses of Congress, and should likewise be given to the Treasury Department, which itself was working on this problem, and which promptly recommended corrective action.

It has not always been true that corrective action was taken in past administrations when errors were called to their attention. I well recall in the Alger Hiss case that for 5 years the executive branch of the Government had knowledge of his subversive activities and his membership in an espionage ring, and yet he was kept in positions of the highest responsibility in the Government of the United States for a period of several years thereafter.

I only wish that those mistakes had been corrected as promptly as the Secretary of the Treasury has corrected what appears to be an honest mistake in the application of the particular section of the law which has been mentioned.

Mr. KERR. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. KERR. The Senator from California has stated that the administration was moving to correct the error, and he was giving due credit to the minority party for having discovered the error. Will the Senator tell me to which party he was referring?

Mr. KNOWLAND. If I said minority party, I misspoke. I meant to say that

due credit should be given to the Democratic Party. If I said minority party, I meant to say Democratic Party.

Mr. KERR. I desired to understand correctly what the Senator said, lest his remarks go into the RECORD uncorrected and the Senator be subjected to charges of irresponsibility.

Mr. KNOWLAND. I was so used to referring to the Democratic Party last year as the minority party that I misspoke. I wish the RECORD to be corrected. I certainly wanted it to be clear that it was members of the Democratic Party in the House and in this body who called the matter to the attention of their respective Houses. I think the Secretary's statement and my statement made it clear that the Treasury Department was prompt in its action.

Mr. KERR. In spite of the fact that only last Sunday the Secretary of the Treasury made a different statement?

Mr. DOUGLAS. Mr. President, will the Senator from California permit me a word?

Mr. KNOWLAND. Certainly.

Mr. DOUGLAS. In view of the statement of the Senator from California, in which, if I heard it correctly, he said that the mistake had first been discovered by the Treasury, and only subsequently by members of the Democratic Party, I should like to read a statement by Chairman JERE COOPER, of the Committee on Ways and Means, which he issued on the 8th of March. We all know of Representative COOPER, of his long experience, high standards, and personal honor. I should like to read the statement of Representative COOPER on this point:

For some time some of us on the committee have been concerned about the operation of these provisions and the resulting loss of revenue, due to the fact that these provisions were rumored to be creating windfalls for affected taxpayers. During the appearance of the Secretary of the Treasury before our committee on February 21, 1955, when we were considering the extension of the present corporate and certain existing excise-tax rates, Mr. MILLS (Democrat, of Arkansas) asked the Secretary about section 462, and in particular whether or not it was true that there might be a considerable loss of revenue involved in this provision.

I ask Senators to take note of the following statement by Mr. COOPER:

The Secretary replied that the estimate for the revenue loss for all the accounting provision changes, including section 462, was still \$47 million, as originally estimated, and that he was not aware of the fact that there were reputed to be windfalls under this provision for taxpayers. Mr. MILLS then asked the Secretary to investigate the rumored windfalls and report to the committee immediately if he discovered that they might exist.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KNOWLAND. I do not think there is any inconsistency. The Treasury Department is a large Department of the Government. The Internal Revenue Service is one agency under the Treasury Department. I know both of the men whose names have been mentioned are honorable men. Mr. COOPER has a distinguished record in the House,

and is the chairman of the Ways and Means Committee, and I would take his statement at full and face value.

I also believe it is equally correct to take at face value the Secretary's statement that within the Treasury they also had been concerned by some of the developments; that they were having checks made to see whether the rumors were correct, as to whether deductions beyond what the Treasury had in mind were being taken, and that the information was being gathered by whatever branch of the Treasury Department would normally carry that work on.

I merely make that statement in the interest of achieving the objective which I am sure the committee wants to achieve, namely, that people will pay their fair share of the tax burden, and that undue benefits will not inadvertently be given to any taxpayer through a loophole in the law. All I am saying is that the administration, I think in a responsible manner, has, by addressing a letter to Mr. COOPER, Chairman of the Ways and Means Committee, which handles tax legislation in the House, with a copy of the letter being sent to the Speaker of the House, and with the introduction of a bill which would repeal the particular section in question, to which perfectly valid criticism has been made, has proceeded promptly, and has proceeded in the proper way, to clear this matter up.

I only repeat that I think if all the mistakes which have been made in either Democratic or Republican administrations, many of them perhaps inadvertent mistakes, were cleared up as promptly, we would not have before us some of the problems which exist today.

Mr. DOUGLAS. Mr. President, I should like to point out to my good friend, the Senator from California, that the investigation by the Secretary of the Treasury seems to have followed, not preceded, the charge made by Representative MILLS, of Arkansas, and Representative ZELENSKY, of New York, that it was they who prodded the Treasury into action; and the record also shows that at the time when this point was raised, the Secretary of the Treasury said he knew of no windfall, and that he stood on his testimony of the preceding year.

I wish to say that when Mr. Humphrey was confronted with the facts showing that this was about as gross a "blooper" as ever had been perpetrated in a tax bill, with a consequent loss of billions of dollars of revenue, he admitted it. I am glad the admission was made, and I wish to give him credit for making it. But, on the other hand, I desire to point out that a great deal of the damage has already been done.

Mr. KNOWLAND. Mr. President, will the Senator from Illinois yield further to me?

Mr. DOUGLAS. I yield.

Mr. KNOWLAND. I am sure the Senator from Illinois wishes to state the facts. Let me say I have been informed—and I believe the information to be correct, although I may be mistaken—that if the bills introduced in the House of Representatives are passed, there will be no loss in revenue. As a matter of fact, in any event we would

not gain any revenue. What damage would be done would be in respect to the estimated revenue in the budget; there would be a reduction of that. But the closing of the so-called loophole—which of course should be done, and as to which there is no disagreement, so far as I can observe, as between the administration and those on the other side of the aisle—will not result in giving additional revenue over what was had theretofore. It will merely prevent the loss of that estimated revenue.

Mr. DOUGLAS. Mr. President, there are two issues here. One is as to how far back the change in the law may be made retroactive. It is my estimation that in this instance probably the repealer can date back until only about March 9, and therefore we shall lose a certain amount of revenue for the first 10 weeks of the year.

Mr. WILLIAMS. Mr. President, will the Senator from Illinois yield to me at this point?

Mr. DOUGLAS. I yield.

Mr. WILLIAMS. For the information of the Senator, the bill to correct this loophole, which has been introduced in the House of Representatives and which has been recommended by the Secretary of the Treasury, was introduced by both Representative REED, the ranking minority Member, and Representative COOPER, the chairman of the Ways and Means Committee. This bill makes the effective date of this correction applicable to all taxable years beginning after December 31, 1953; and it has been ruled that such retroactive features would be legal.

Furthermore, I do not believe that any Member of Congress has expressed any opposition to the making of such a correction; therefore, the passage of the bill will be automatic.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield.

Mr. JOHNSON of Texas. I think the Senator from Illinois had in mind the accelerated depreciation, rather than section 462 (c). But let the Members of the Senate be under no illusion.

Mr. President, on Monday of this week, following extended meetings on Sunday with Members of the Senate, there was prepared for presentation to the Members of this body corrective legislation on section 462 (c).

I wish to commend the able minority leader for his most recent attitude on section 462 (c). Earlier in the day he appeared, in a manner, at least, to justify it; but I am quite glad now to see that he has joined in a movement which has been inaugurated to repeal that section. But the decision had been made to include, as an amendment to this bill, proposed legislation correcting that error and that mistake; and the authorities in the other body had been informed as to that decision.

Then what happened? A hurried-up effort was made on the part of the Secretary of the Treasury to have such a bill introduced. Then what happened?

The majority leader discussed the situation with spokesmen of the other body, and said that although we did plan to

propose repeal of section 462 (c) as an amendment to the bill now before us, since it was the constitutional responsibility of the House of Representatives to initiate tax legislation, we saw no objection to having a bill for this purpose introduced in the House of Representatives. We also saw no objection to having hearings held by the appropriate House committee on such a bill. We said we hoped that, as a result of those hearings and as a result of the insistence of the Secretary of the Treasury upon prompt action perhaps the Senate would wish to move on that matter, in connection with this bill.

Mr. President, I hope that is exactly what the Senate does.

Mr. DOUGLAS. Mr. President, in order that the record on this matter may be more complete, let me say that I welcome the statement of the Senator from Delaware that the repeal of section 462 (c) may be made retroactive. I am informed that that is correct, and I am delighted it is.

But as regards the alertness of the Secretary of the Treasury in connection with this matter, I wish to point out that on February 21, in reply to the question by Representative MILLS, the Secretary of the Treasury said it would cost only \$47 million, and said he was not aware that there were reputed to be any windfalls; and on last Sunday, in his nationwide telecast, when he was asked about this matter by Mr. Madigan, the Secretary of the Treasury replied, in referring to the loss about which he had been asked: "I do not know whether it might be two or three hundred million dollars or not."

So, Mr. President, even as late as last Sunday, 4 days ago, the Secretary of the Treasury was not aware of the enormous loss in revenue which would come from section 462. I think the record is perfectly clear that although the Secretary of the Treasury did, when under pressure, admit—as he was forced to do—there would be a great loss in revenue, the real credit for this movement should go to Representative MILLS, of Arkansas, and Representative ZELENSKY, of New York.

Mr. LONG. Mr. President, will the Senator from Illinois yield to me, for a question?

Mr. DOUGLAS. I am glad to yield.

Mr. LONG. Is the Senator from Illinois aware of the fact that when the Secretary of the Treasury was before the Finance Committee only a few days ago the junior Senator from Louisiana asked him about the possibility of such a loss of revenue, in the amount of billions of dollars, and at that time the Secretary of the Treasury said that was not correct, that it was enormously exaggerated, and that the loss would be no more than a few million dollars?

I recall the matter very distinctly, because it had concerned me as I know it concerned other members of the committee, to have it stated that the loss from this mistake could have been so enormous. I believe the Senator from Illinois will find in the hearings the testimony to which I have referred; I believe it will be found at the end of the

hearings, because it happened in connection with the hearings on the reciprocal trade bill, but perhaps it might have been included at the very end of the hearings on the tax bill, in order to have it appear in that connection.

Mr. DOUGLAS. I shall examine the hearings to see whether I can find that part of the testimony.

Mr. President, I am assured by the Senator from Louisiana that in the initial hearings on the reciprocal-trade bill he addressed to the Secretary of the Treasury a question as to whether there would be an appreciable loss of revenue. It is my understanding that the Secretary of the Treasury replied that there would not be. I would appreciate it if the Senator from Louisiana would bring out this point by questions.

Mr. LONG. Mr. President, I believe the Senator will find that on the first day of the hearings on the reciprocal-trade bill, on March 3, or 4, last week, I asked the Secretary of the Treasury about the possible loss of revenue. At that time he stated that he had had occasion to look into the question, and that the proposal referred to would mean the loss of some millions of dollars, but that it would not mean anything like the loss which had been indicated. He said that it had been greatly exaggerated.

Mr. DOUGLAS. I am delighted to have this material, because it builds up the case still further. On the 25th of February the Secretary of the Treasury said that he knew of no windfall. On the 4th of March he said there would be no windfall. Last Sunday, over a nationwide television program, he stated that the loss would not amount to more than \$80 million.

So the record shows that the Secretary of the Treasury either ignored or minimized the loss until the Democrats in the House, with some prompting from Democrats in the Senate, brought the attention of the country to the terrific loss of revenue which would be involved. We congratulate the Secretary of the Treasury for having finally learned the true situation. I feel that gratitude to the Democrats for revealing this great loss in revenue, and gratitude to the Democrats for the contribution which they have made to the Treasury of the United States, should lead the Secretary of the Treasury to be more gentle in his speech when he refers to the members of our party.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LONG. Is the Senator aware of the fact that a Democrat on the committee also suggested what the Secretary of the Treasury said he would like to see done, that is, to continue the corporation tax, and that every Member on the Republican side of the aisle voted against continuing the corporation tax, at a time when we are in no position to suggest to corporations that we can afford to reduce their taxes 10 per cent?

Mr. DOUGLAS. It has been my observation that virtually everything that is good in the Republican tax bill has come from the Democrats, and the evil additions have been their own.

Mr. WILLIAMS obtained the floor.

Mr. KNOWLAND. Mr. President, will the Senator yield, in order that I may suggest the absence of a quorum, with the understanding that he will not lose his right to the floor?

Mr. WILLIAMS. I yield for that purpose.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, very briefly I wish to discuss the amendment, in the nature of a substitute, to the tax bill which has been offered by the Senator from Oklahoma [Mr. KERR] and other Senators.

First, I wish to make it clear there is no disagreement among Senators on either side of the aisle as to the wisdom of extending the 5-percent corporation tax rate.

Likewise, there is no difference in our positions as to extending the excise taxes, which are scheduled to expire on April 1 of this year, including the excise taxes on alcohol, tobacco, automobiles, and other articles.

Likewise, there is no question with reference to the loophole which was discovered in H. R. 8300, the Internal Revenue Code of 1954, as enacted by Congress last year. It is my understanding that there is no objection either in the House or in the Senate to the repeal of section 462 of the Internal Revenue Code of 1954.

As I pointed out before, its repeal will be effective with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954. Therefore, there will be no loss of revenue in that respect.

At this time I ask unanimous consent to have printed in the RECORD as a part of my remarks a copy of H. R. 4726, which is the bill introduced in the House by Representative REED. It is the same bill that was introduced by Representative COOPER and it is the legislation that was recommended to Congress by Secretary Humphrey in his testimony earlier this week.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

Be it enacted, etc.—

SECTION 1. Repeal of sections 452 and 462.

(a) Prepared income: Section 452 of the Internal Revenue Code of 1954 is hereby repealed.

(b) Reserves for estimated expenses, etc.: Section 462 of the Internal Revenue Code of 1954 is hereby repealed.

SEC. 2. Technical amendments.

The following provisions of the Internal Revenue Code of 1954 are hereby amended as follows:

(1) Subsection (c) of section 381 is amended by striking out paragraph (7) (relating to carryover of prepaid income in certain corporate acquisitions).

(2) The table of sections for subpart B of part II of subchapter E of chapter 1 (relating to taxable year for which items of

gross income included) is amended by striking out—

"SEC. 452. Prepaid income."

(3) The table of sections for subpart C of such part II (relating to taxable year for which deductions are taken) is amended by striking out—

"SEC. 462. Reserves for estimated expenses, etc."

SEC. 3. Effective date.

The amendments made by this act shall apply with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954.

Mr. WILLIAMS. Mr. President, we come back to the question of how such a loophole could occur in a revenue bill. I am a member of the Committee on Finance, as are the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], and other Senators; and I believe all of us will agree that certainly it was not the intention of the Committee on Finance, or the intention of any of the committees of Congress, or of Congress itself, that any such interpretation should be placed on the provision in question. However, after the law had been enacted it was found that many corporations were placing such a loose interpretation on that section.

Only recently, it was called to the attention of the Secretary of the Treasury by Representative COOPER and by another Representative whose name I forget at the moment. I am perfectly willing that credit for the discovery should go to these Representatives. At the same time I feel that credit should also be given to the Secretary of the Treasury for the prompt action he took to urge the repeal of the section after the loophole had been called to his attention.

The question might well arise as to why he did not discover the loophole sooner in view of the fact that the Internal Revenue Code was passed in August of last year. It was not discovered sooner because corporations did not begin to file their tax returns until March. They are not due until March 15. It was only when they began to file their annual returns and after their annual reports became public that this loophole was discovered either by the Secretary of the Treasury or by others. I say that by way of explanation, and do not cite it as an excuse for what happened.

As to why it did occur, perhaps it happened for the same reason that a few years ago a loophole got into our tax laws under the previous administration, which loophole was interpreted as giving authority to write off, as legitimate business deductions, political contributions to the Democratic Party in exactly the same way that authority was given to write off contributions to churches and other charitable organizations. By no stretch of the imagination was it ever the intention of Congress to provide that the Democratic Party should be given that benefit or that contributions to the Democratic Party should be permitted to be written off as contributions. This loophole had the indirect effect of financing the 1948 Democratic campaign out of the Federal treasury.

I am rather pleased to note that Secretary of the Treasury Humphrey took steps to plug the loophole just discovered within 48 hours after it was

called to his attention. All of us remember that it took more than a year to get the previous Secretary of the Treasury to take any action. Therefore, I believe we should pay our respects to Secretary Humphrey for his promptness.

Perhaps another explanation of how that loophole got into the law is furnished by an examination of the manner in which a loophole was written into the FHA act, under which millions of dollars in windfall profits were allowed to go to certain large operators. These excessive profits in turn resulted in extra large charges being made to Korean veterans when they sought to buy their homes. I believe it was the Senator from Virginia [Mr. BYRD] who first called the attention of Congress to that loophole. We know that billions of dollars were lost to the Federal Government, the American taxpayers, and homeowners because of that loophole.

That particular loophole came into being under the previous administration and through a law that was administered for a long period of time by a man who had a long-established criminal record. I refer to Mr. Clyde L. Powell. It certainly took a long time to find out about that loophole, to expose the scandal, and to get Mr. Powell out of Government service. His criminal record had been covered up by the previous administration.

These loopholes have ways of creeping into laws, and Congress must always be alert to detect and correct such situations. The prompt action taken by Secretary Humphrey, within hours after the time the matter was called to his attention, is something unusual in the history of Washington politics.

It has been said that the tax revision act which was passed last year gives benefits to those who need them the least; namely, the rich. That has been the theme here this afternoon by the group who with their crocodile tears have been pleading for a tax reduction.

It seems that there are more of the smaller taxpayers who vote at the polls, and for that reason there is always much concern expressed by Members of the Congress on both sides of the aisle for those small taxpayers.

Mr. President, I am not interested in getting into any discussion this afternoon as to which party represents fiscal irresponsibility. I wish briefly to review the record, because it is based upon the performance of the parties in the past when entrusted with power that the record stands.

Down on the farm when we ask a farmer in the middle of January what kind of fruit a certain tree will bear, he will tell us, for instance, that it will be a white or a yellow peach. He speaks from his knowledge of what kind of fruit that tree bore in the past.

That is the only way we can judge a political party. We cannot judge either party based upon what it says it will do in the future. Therefore, let us examine the record.

With reference to a balanced budget, there has not been a speaker this afternoon who has not expressed great interest in balancing the budget. In review-

ing the 1932 platform of the Democratic Party—

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I shall be glad to yield to the Senator for an insertion in the RECORD.

Mr. JOHNSTON of South Carolina. I should like to make a brief statement.

Mr. WILLIAMS. I would rather not yield at this time.

I read from the Democratic platform of 1932:

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government, * * * and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.

At that time, Mr. President, it was costing approximately \$4 billion to pay all the operating expenses of the Federal Government. The Democratic Party was elected in 1932 upon that well-phased promise; but, 20 years later, when that party went out of office, it was costing \$60 billion to run our Government; and at the time the Democratic Party went out of power it had left a national debt which was at an all time high of \$266 billion.

Mr. LONG. Mr. President, will the Senator from Delaware yield for a question?

Mr. WILLIAMS. I yield for a question.

Mr. LONG. Can the Senator tell us what was the gross national production when the Democratic Party came into office and what it was when the Democratic Party went out of office?

Mr. WILLIAMS. I do not have those figures before me, but I shall be glad to get them.

Mr. LONG. Would the Senator be surprised to know that it was five times as much when the Democrats went out of office than it was when they came in?

Mr. WILLIAMS. I am not at all surprised at that. But the national debt was nine times as great.

Mr. President, I continue to read from the Democratic platform—

Mr. KERR. Mr. President, will the Senator from Delaware yield for a question?

Mr. WILLIAMS. I yield for a question.

Mr. KERR. Did the Senator say that the national debt was then at its all-time high?

Mr. WILLIAMS. It was, so far as any administration leaving power was concerned. It had been higher 2 or 3 times. It had reached a peak, I think, of around \$278 billion or \$279 billion; it had dropped down, but at the time the past administration went out of office it was \$266 billion.

Mr. KERR. What is the amount of it at this time?

Mr. WILLIAMS. It is approximately \$274 billion; however, to offset that increase contractual obligations or unrecorded bills have been reduced by over

\$20 billion representing a net reduction of over \$8 billion.

I continue quoting from the Democratic platform of 1932:

We favor maintenance of the national credit by a Federal budget annually balanced on the basis of accurate executive estimates within revenues, raised by a system of taxation levied on the principle of ability to pay.

I read further:

We believe that a party platform is a covenant with the people to be faithfully kept by the party when entrusted with power, and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe.

I now read from the Democratic platform of 1948:

We pledge the continued maintenance of those sound fiscal policies which under Democratic leadership have brought about a balanced budget and reduction of the public debt by \$28 billion since the close of the war.

I do not know where they found that figure, because at that time the Federal debt had been increased \$200 billion over what it was when the Democratic Party took control. The record shows that during the 26 years in which the Democratic Party had control of the Government, they had never lived within their income except in two of those years. It might be said that part of this could be attributed to the fact that there were two world wars during the history of Democratic administrations, but all the deficit was not during the war years. During the peacetime years in which they were in control there was a deficit of over \$70 billion, which when added to the \$198-billion wartime deficit means that during the 26-year regime they spent \$268 billion more than they took in through taxes. Yes, \$268 billion worth of the so-called benefits which have been given to the people by the Democratic Party are charged to their grandchildren and to future generations.

Spend, tax, and elect has been the password of the Democratic administration for the past 20 years.

Mr. LONG. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. LONG. Inasmuch as the Senator has gone back 25 or 30 years, I should like to ask him if he is aware of the fact that the only time the national debt was ever paid off was under a Democratic President—Andrew Jackson?

Mr. WILLIAMS. That only emphasizes my point when you have to go back to President Jackson to find a Democratic balanced budget.

The Republican Party, on the other hand, has had control of the Government 28 years since 1900, and taking those 28 years, subtracting deficits from surpluses, we find that there was a surplus of \$10 billion which was paid toward liquidation of the national debt. The only net reductions in the national debt which have been made by either political party during the past 50 years, have been made under Republican administrations.

Mr. President, now let us discuss the tax policy of the two parties. The claim has been made that the Democratic Party expresses a greater sympathy for

the American taxpayers. Both parties always express sympathy because the taxpayers vote on election day. But unfortunately sympathy does not have a cash value. It is the political parties record of accomplishments, not promises, that counts.

Mr. DIRKSEN. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. Mr. President, I have been on the floor the entire afternoon and I have rather enjoyed the cascade of tears and solicitude for the taxpayers. Just to make the record clear, I wonder if the Senator from Delaware would take the example of an ordinary family, a man and wife, in 1932, and then state how much tax under present rates, after the lapse of 20 years, the same family would pay?

Mr. WILLIAMS. I shall bring it to the attention of the Senate because I think it is interesting. A man and wife with a taxable income of \$3,500 in 1932 had an exemption of \$2,500. That would represent a taxable income of \$1,000. The rate at the time the Democratic Party took over was 4 percent, which would mean that a married man with a taxable income of \$3,500 would pay a tax of \$40.

Mr. DIRKSEN. Let us anchor it there. I can understand the dollar sign. A man and wife with an income of \$3,500—

Mr. WILLIAMS. A taxable income.

Mr. DIRKSEN. That is correct. It would represent a net tax of \$40?

Mr. WILLIAMS. Yes.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to say—

Mr. WILLIAMS. Mr. President, I have not yielded to the Senator from South Carolina. We have heard from the other side of the aisle for approximately 5 hours, and I notice that some of their Members are leaving the Chamber. I am sorry they are leaving, because I am quoting the Democratic platform, which is something they have not looked at in years. This record of observing these promises is not too good, and I do not blame them for not enjoying this review.

The tax rate was 22 percent in 1952, at the time the Democratic Party went out of power—a rise from 4 percent to 22 percent in 20 years or an increase of over 500 percent.

This is an increase on the lowest income group and the same group about whom so many tears are being shed here this afternoon.

Continuing the example, the married man with \$3,500 net taxable income in 1952 had only a \$1,200 exemption. His tax on the remaining \$2,300 at 22 percent would be \$506 compared with \$40 on the same income when the Democratic Party took control. That is the manner in which the Democratic Party has put its pledges into practice. As I said before, down on the farm we judge the tree by the fruit which it bears.

Mr. DIRKSEN. Mr. President, will the Senator further yield?

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. So in 1932, the tax on a \$3,500 income, after exemptions for

the taxpayer's family, would have been \$40.

Mr. WILLIAMS. That is correct.

Mr. DIRKSEN. At the end of 20 more years, as my friend Adlai Stevenson would say, the tax would have been \$550. Is that correct?

Mr. WILLIAMS. It would have been \$506.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. JOHNSTON of South Carolina. Is it not true that since 1932 there have been World War II and the Korean war?

Mr. WILLIAMS. I am glad the Senator from South Carolina has mentioned that.

Mr. JOHNSTON of South Carolina. Was it not necessary for us to pay for those wars?

I should like the Senator from Delaware to tell us, also, the number of people who were making \$3,500 in 1932.

Mr. WILLIAMS. The Senator from South Carolina mentioned the two wars. I am glad he did so because in every campaign which has been held since 1932 the question has been raised about the depression which took place under the Republican administration. A good argument could be made that this depression which was worldwide should not be attributed solely to the Republican Party. However, let us review the record on that point as far back as 1900. We find that since 1900 the control of our Government by the two political parties has been about equally divided, the Republican Party having had control 28 years and the Democratic Party 26 years. During the 28 years in which the Republican Party has had control of the Government since 1900, there has been but one depression.

It could be argued that the depression was a worldwide depression and not chargeable to the Republican Party. But I shall skip that. Since it occurred in a Republican administration, let us momentarily charge the depression to the Republican Party.

I point out, however, that while there was one depression which lasted 3 years—it was a severe one, as we all know—nevertheless let us not forget that under the Republican Party the United States enjoyed 28 years of peace—28 years in which the boys and girls of America could be sent to college. They were not engaged in war.

But, as the Senator from South Carolina has pointed out, under Democratic administrations the United States has engaged in two world wars and also what is called a Korean police action. The Democratic Party would rather not refer to three wars.

I wish to make it clear that I am not accusing the Democratic Party of being a war party. I know that the wars were world wars; and an excellent argument, with which I would agree, could be made that the United States was engulfed in those worldwide conflicts. But they were wars, and they happened under the Democratic administration and if—

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator further yield?

Mr. WILLIAMS. Not at this moment. I want Senators on the other side of the aisle to hear what I have to say. I listened to them all afternoon.

If members of the Democratic Party wish to charge the depression to the Republican Party, a depression which was worldwide but which they wish to charge to the Republicans solely because it happened in a Republican administration, then I want the Democratic Party to take full blame for the wars which occurred in the Democratic administrations. If they boast of the artificial prosperity which accompanied those wars let them have full credit for the wars.

I thank the Senator from South Carolina for reminding me of the wars, although I do not think the country would be forgetful of them.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS. I prefer to finish what I am saying. To return to the tax question, because that is what we are discussing—

Mr. DOUGLAS. Mr. President, will the Senator yield at that point?

Mr. WILLIAMS. I would rather not. The hour is late, and the Senator from Illinois did not wish to yield to me when he was speaking.

Let us review the record to determine which political party has actually been the friend of the taxpayers, which party has reduced taxes, and which party has just talked about it.

In 1913, the first income-tax law was placed on the books. During the 41-year period which has elapsed since 1913, there have been 15 increases on individual income taxes. This report was furnished by the Joint Committee on Taxation and signed by Mr. Colin F. Stamm under date of October 14, 1954. The record shows that there have been 15 tax increases on individuals. Thirteen of those increases took place under Democratic administrations.

On only two occasions during the past 40 years have there been increases in taxes under Republican administrations.

On the other hand, there have been 10 tax reductions passed by Congress. Eight of those reductions took place under Republican administrations. On only two occasions since 1900 have there been tax reductions passed by Democratic Congresses.

On that record alone, I think, the American people can determine which party means what it says when it claims sympathy with the American people on the question of high taxes.

Let us now consider the history of personal exemptions. A lot of crocodile tears have been shed here this afternoon by those pitying the low income taxpayers. Which political party has actually helped the low income groups?

Certainly we all hope that we shall soon see the time when exemptions can be raised. Certainly I am not arguing that they are high enough. But we find again that when the Democratic Party took control of the Government in 1932, the personal exemptions were \$1,000 for a single person and \$2,500 for a married person.

As I pointed out to the Senator from Illinois [Mr. DIRKSEN] a few moments ago—

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. WILLIAMS. I should like to finish what I am saying.

Mr. JOHNSTON of South Carolina. I do not believe the Senator is stating the facts correctly.

Mr. WILLIAMS. The facts are correct. They just sound bad when they are reviewed. I repeat: In 1932, when the party of the Senator from South Carolina came into power, individual exemptions were \$1,000. The exemption for a married couple was \$2,500. That amount was gradually whittled away by the Democratic Party until in 1948, when the Republican Party took control of the 80th Congress, the amount of the exemption had reached an all-time low of \$500 for an individual and \$1,000 for a married couple.

It was then over the veto of a Democratic President that the exemption was raised by the Republican 80th Congress from \$500 up to \$600. It is true that several Members on the other side of the aisle cooperated with the Republican Party in overriding the veto. But, as President Truman then said, the Republican Party, which was in control of the 80th Congress, was responsible for everything that happened. That was his statement. So the Republican Party takes the credit for that tax reduction. We are proud of it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WILLIAMS. I should like to review briefly what that 1948 tax reduction amounted to because it was vetoed by a Democratic President, whose party today says it is such a great friend of the low-income groups.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS. I yield.

Mr. LONG. Is the Senator from Delaware aware of the fact that in the 80th Congress the tax bill was passed by the Senate and the House, and that in both Houses more than 90 percent of the Democrats voted for increased exemptions, while most Republicans voted against increased exemptions?

The President vetoed the first bill because it did not provide anything for those in the lower income brackets.

In the subsequent bill, which was passed over the President's veto, an amendment was offered in the House to increase the exemption another \$100, and most Democrats voted for the exemption.

Mr. WILLIAMS. I have great respect for the junior Senator from Louisiana, but he is confused on this matter. It would not have been mathematically possible for the Democratic Party to have passed any bill in the 80th Congress because the Republican Party had an overwhelming majority in both Houses.

Mr. LONG. I am certain the Senator from Delaware misunderstands what I am saying. During the 80th Congress, at a time when the Democrats admittedly were in the minority, a great majority of the Democrats voted repeatedly to raise the exemption, and offered

amendments to that effect to the tax bill passed during that Congress.

Mr. WILLIAMS. The record will show that the amendment raising exemptions was a part of a Republican tax bill and vetoed by a Democratic President. It is true that it was supported by many Members on both sides of the aisle. I am not trying to say that it was not. Nevertheless the Republican Party had overwhelming control of both Houses of Congress, and none other than the President of the United States said that the Republican Party was responsible for everything that happened in that Congress, and he vigorously denounced this same tax reduction measure in his campaign.

I review that 1948 tax bill. In addition to raising the exemption from \$500 to \$600, which was a reversal of the policy of gradually whittling down the exemption over 20 years, it also raised the exemption for persons over 65 years of age from \$500 to \$1,200. The Republican Party said that the earning capacity of those over 65 was limited, and that such persons were entitled to an additional exemption not of an additional \$100 but of \$700 more than they received before. That action had the effect of removing 1,400,000 persons over 65 years of age from the tax rolls.

That was tax relief where it was most needed.

The Democratic Party under President Truman said that that was bad; that those people should not be helped. President Truman vetoed the bill. It was necessary for the 80th Congress, which was controlled by the Republican Party, with the help of some of the Democratic members, to pass the bill over the President's veto.

Again, the Republican Party said that persons who were handicapped by blindness should receive a special exemption, and the exemption for persons in that category was increased from \$500 to \$1,200. That proposal, too, was vetoed by a President from the Democratic Party, a party which has more than once shed crocodile tears here this afternoon.

It will be found that altogether 7,400,000 persons were removed from the tax rolls in 1948 by this Republican Congress, which passed this tax bill over the veto of the Democratic President, when the individual exemption was raised from \$500 to \$600.

Yes, that action was denounced by the same political party whose representatives are shedding all these crocodile tears in the Senate this afternoon.

Once again, I pay my respects to the Members on the other side of the aisle who cooperated with the Republican Party in passing that wise legislation. Nevertheless, I point out that the bill which affected beneficially so many persons was opposed by the same political party which today is shedding crocodile tears for the same people, it was passed over their objections.

That action by a Republican Congress represented the first reversal in the whittling away of the amount of exemptions in the low-income group which had taken place in 20 years.

Again I ask my friends on the other side of the aisle that if they had been

so interested in raising exemptions why did they not do something about it during their 20 years in power? Their present concern sounds to me—and I think it will be so considered by the American people—like a deathbed repentance.

Let us examine another section of the law that is being attacked as a giveaway program, namely, the accelerated depreciation-allowance provision. I want to make it clear that I am one of, I think, 13 Members of the Senate who voted against the tax bill last year. I voted against it because I felt it was unwise to pass the reduction at that time, that we should first have balanced the budget. I think if the law is to be criticized I am in a better position to criticize it than are some Senators who are criticizing it today but who voted for it when it was before the Senate because they wanted it passed, either because they desired the benefits for themselves, or for some other reason. Yet they now denounce the same depreciation provision which last year they supported.

I refer to the accelerated depreciation feature. As one Senator who voted against the bill, I say now that that provision was one of the wisest provisions included in the bill. It did more to help the little business man and farmer than any bill previously enacted. While this accelerated depreciation provision did not mean another 5-year amortization program it did represent a more rapid depreciation. It means that every taxpayer whether he is building a filling station, whether he is a farmer buying a tractor, or a small-business man building a warehouse, can more rapidly write off the cost of such investment without going to Washington and getting an amortization certificate. We all know that small-business men and farmers do not know how to get around the red tape in Washington. He cannot afford to pay a high-priced lawyer or a lobbyist to get him an amortization certificate. The record shows that under the previous administration 95 percent of all the amortization certificates of the 5-year writeoffs were given to the large corporations. The small-business man and farmer were ignored.

I wish to review what happened under the old law. We know that an expansion of plants was necessary during World War II. It was agreed that accelerated amortization would be justified. So during World War II accelerated amortizations were allowed in order that the plants which were needed for World War II could be constructed. Under this program a total of \$7,300,000,000 was allowed in 5-year amortization certificates. That was adequate. We won the war. Those plants were still in existence and available when we became involved in the Korean war.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. LANGER. Is it not true that the total farm-price support for all the farmers in the United States amounts to only about \$1 billion?

Mr. WILLIAMS. I do not have that figure before me.

Mr. LANGER. Yet a small group of businessmen and large corporations received over \$7 billion; but one does not

read about that in the newspapers, does he?

Mr. WILLIAMS. As I have said, I do not have those figures before me.

In World War II we granted \$7,300,000,000 in accelerated depreciation. However, the past administration granted amortization certificates amounting to \$11,104,000,000 in 1951 alone, or 150 percent, in the first year of the Korean war of what was granted in the entire period of World War II.

In 1952, the figure was extended higher again; \$11,727,000,000 was granted in 1952, or a total, in that 2-year period, of over 3 times the amount granted during the entire World War II period. I repeat, 95 percent of that amount went to the major corporations, and it was the 1954 Revenue Code which corrected this inequity and placed the small corporations and farmers on a level with the largest.

This is one of the provisions which the Senators sponsoring the substitute bill here today would repeal. They want to go back to the old law where the large corporations or those with the proper influence will be the only ones to get a tax credit.

Yes, this record shows which party has been talking and which has been acting. In 1953, the first year of the Eisenhower administration the amount granted in amortization certificates to the large corporations was cut down to \$4,780,000,000, and in the first 3 months of 1954 it was \$421 million.

The Secretary of the Treasury, Mr. Humphrey, came before the Congress and said he recommended a proposal which would treat all taxpayers alike. It was not a question of speaking against large industry, but as he said it was a provision which would give the farmer, the small-business man, the same rate of depreciation that had previously been granted so freely under the previous administrations to the large corporations alone.

I am sorry that Members of the Democratic Party would try to repeal a provision which gives the farmer for the first time in history the right to write off his tractor at the same rate of depreciation as was previously granted to the manufacturer who makes the tractor. Apparently they would now put him back under the old discriminatory provisions previously in existence.

Mr. President, I ask unanimous consent that a letter furnished by Mr. Parnell, executive assistant to the Financial Policy Committee of the Bureau of the Budget, showing a breakdown of these amortization allowances be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., April 1, 1954.

HON. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: In compliance with your telephone request of March 31, 1954, the following data is submitted relating to tax amortization certificates.

During World War II (1940 to 1945) tax amortization certificates were issued in ac-

cordance with the Second Revenue Act of 1940, covering privately owned facilities estimated to cost approximately \$7.3 billion. Substantially all of these certificates were on a 100 percent basis, that is, authorizing the writeoff of the entire cost of the facility over a 60-month period. In addition, the Government expended approximately \$18 billion of public funds for industrial facilities during this period.

Tax amortization certificates have been issued pursuant to section 124-A of the 1950 Revenue Act approved on September 23, 1950, to stimulate private investment in defense facilities, as follows:

Calendar year:	Dollar amount
1950-----	\$1,470,000,000
1951-----	11,104,000,000
1952-----	11,727,000,000
1953-----	4,780,000,000
1954 (to Mar. 24, 1954)-----	421,000,000
Total-----	29,502,000,000

Of this total amount, approximately 60 percent, or \$17,700,000,000 may be written off for income tax purposes over a 60-month period. The remainder of the cost not certified for defense purposes can be written off concurrently at normal depreciation. It should be noted that this amount of \$17,700,000,000, above referred to, is in lieu of normal depreciation applicable to the certified portion of the investment. The difference between the accelerated amortization and the normal depreciation, at the prevailing tax rates, represents a tax deferment repayable to the Government during the remaining useful life of the facilities. It may be of interest to you, based upon a study made by the Treasury Department of the activity under the World War II amortization statute, that perhaps approximately 30 percent of the amortization certified will not be utilized either because of failure of the taxpayer to proceed with the certified expansion or because of an election not to use tax amortization for business reasons.

I would like to call your attention to the third annual report (p. 3) of the Joint Committee on Defense Production, dated October 20, 1953: " * * * Expansions have been accomplished with minor public-fund expenditures, in contrast with the World War II expansion when public funds were used for more than 70 percent of plant expansion."

I trust this information will be helpful to you.

Sincerely yours,

F. L. PARNELL,
Executive Assistant, Financial Policy
Activity.

Mr. WILLIAMS. Mr. President, the information contained in these documents shows a breakdown of the amortization certificates as distributed by both political parties.

I think from that information alone one can see which party is protecting the smaller taxpayer. I wish to repeat that it was only under this provision as enacted in the law last year that the farmer who buys farm machinery could, for the first time in history, write off that farm machinery at a rate of depreciation comparable to that used by the owner of the plant which manufactured the machinery.

Our major farm organizations enthusiastically endorsed this accelerated amortization provision as it was incorporated in the 1954 revenue act.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield to the Senator from Illinois.

Mr. DIRKSEN. Notwithstanding that the rate would be somewhat smaller than the depreciation allowance on, let us say, an Oklahoma oil well. Is that not correct?

Mr. WILLIAMS. Yes, you are right. The 27½ percent depletion allowance allowed the oil companies is a major loophole. For years we have unsuccessfully tried to plug this millionaire "gravy train." One point that should be remembered as we discuss this accelerated depreciation provision of the 1954 act is that while the small-business man and the farmer now get a greater depreciation allowance the larger corporations get a smaller allowance than they enjoyed under the old law. Personally, I doubt that in the long run the provisions of the 1954 code will be as expensive as the old law.

I still cannot understand how those who so enthusiastically voted for the bill last year can justify the position they are taking on the floor this afternoon.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield to the Senator from North Dakota.

Mr. LANGER. I wish to compliment the distinguished Senator for the very fine speech he is making. Every Senator on the floor knows the fine record which the Senator from Delaware has made in connection with tax matters. In all the investigations made by the Senator from Delaware has he ever discovered a small farmer who kept two sets of books?

Mr. WILLIAMS. I never found any small farmer or any large business which did so, because I have not had occasion to investigate that question. However, I will agree with the Senator from North Dakota that the overwhelming majority of the American farmers are honest. I go further than that lest my remarks be misunderstood. I think the overwhelming majority of American corporations and the American people, regardless of the position they occupy, are honest. My experience in exposing irregularity in the Treasury Department showed that while the irregularity involved crooked taxpayers, they were involved only as they connived with crooked Government officials. Furthermore, what I have said with respect to the farmers and the American people generally can be said for Government officials. While there were a few bad or rotten apples in the barrel, the overwhelming majority of Government officials, even those in the Treasury Department, were trying to perform their duties well; but there were some who were dishonest.

As the Senator knows, it took the last administration much longer to recognize the problem than was necessary. I placed in the RECORD time and time again matters calling irregularities to their attention. It was only after convictions were obtained that the administration admitted we were right.

Mr. LANGER. I remember the Senator from Delaware did a very fine job in connection with the Internal Revenue collector up in New York, whose name was Johnson, and how time after time on the floor of the Senate the Senator

appealed to the Department of Justice and to others to see that justice was done. The Senator is entitled to all the credit for the exposures in that matter.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS. I yield to the Senator from Louisiana.

Mr. LONG. When the Senator speaks of accelerated depreciation which was granted to war industries during the Korean war, the Senator realizes, does he not, that at that very time Congress also enacted a 10-percent corporation tax and also an excess-profits tax? If we had not provided for accelerated depreciation credit at that time, no one would have had any profit incentive whatsoever to set up a war industry, because—after all—for the most part those industries could not have anticipated very good business conditions after the war was over. Ordinarily it would have been anticipated that there would be a great falling off in the demand for their products, after the Korean war was over.

Mr. WILLIAMS. I have already said that there would be some justification for the issuance of amortization certificates, but I point out that the arguments the Senator from Louisiana uses in behalf of the issuance of such certificates are the same ones which were used in favor of the issuance of amortization certificates during World War II. During World War II there was also an excess-profits tax, just as there was during the Korean war. Conditions were identical, except that as we approached the Korean war, we then had left over from World War II all the vast productive capacity we had used in order to win that war, whereas when World War II began we had to build from a scratch. Yet, I point out that the amortization certificates issued for 1951 and 1952—for those 2 years alone—were granted in the amount of \$22 billion, or over three times as much as the total amount required during World War II. I point out further that over 95 percent of those certificates went to only a few of the major corporations.

I know the Senator from Louisiana will agree with me that, under the accelerated depreciation provision which is under attack today, there is for the first time in years equal treatment for every taxpayer in the United States—for the small-business man who is building a warehouse, for a farmer who is building a barn or purchasing a combine or a tractor, as well as for the manufacturers of those products.

I do not know the position the Senator from Louisiana took in the committee. I believe he supported the provision. I do know that the committee overwhelmingly subscribed to the recommendation of the Treasury Department that all taxpayers be treated on a basis of equality, and also overwhelmingly subscribed to the principle that unless this provision was written into law, small taxpayers would not be able to obtain amortization certificates or credits.

I doubt that there is in the United States a small taxpayer who would even go to the trouble of applying for an

amortization certificate. I know the Senator from Louisiana will agree with me as to that principle.

Mr. LONG. But my point is that I gained the impression that perhaps the Senator from Delaware was suggesting that in the previous tax bill, the previous Democratic administration was favoring big business, because of the depreciation provision. However, I wanted to call the attention of the Senator from Delaware to the fact that the same administration also slapped on big business an excess-profits tax and a 10 percent increase in corporation taxes.

Mr. WILLIAMS. That is true. But the provision about which I am speaking is an exemption whereby such concerns could write off \$23 billion of accelerated depreciation, rather than pay excess-profits taxes. Regardless of whether that was right or wrong, I know it was a direct tax credit, 95 percent of which went to the large corporations; and that is what is proposed to be restored in place of the accelerated depreciation provision, which now is being given to all taxpayers on the basis of equality. I am merely trying to get the record straight as to what you propose to do under your substitute proposal being offered here this afternoon.

Mr. DIRKSEN. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. The Senator from Delaware well knows, and I think all other Members of this body well know, that the term "tax amortization" was familiar to every clerk and secretary on Capitol Hill, and that there was not an office of a Senator or a Member of the House of Representatives that did not have visitors from home who were interested, and who in most cases could afford to come to Washington to present their case to the appropriate agency, whereas the average farmer or small-business man was not in that happy position. So this provision took care of all in an equal way.

Mr. WILLIAMS. That is right. As I said before, a farmer who builds a barn or a farmer who purchases a tractor, or a small-business man now gets exactly the same tax credit as that obtained by the largest business corporation in the country. However, that is not a condition which existed in prior years. I certainly think that fact, too, should be stated for the record in order to show which party favors the smaller taxpayers.

Mr. President, earlier this afternoon we were told that under the preceding administration the national debt had declined by \$3 billion. It is true that on June 30, 1946, the public debt was \$269,400,000,000; and on June 30, 1953, the last fiscal year for which the preceding administration was responsible, the national debt stood at \$266 billion, or a decline in that 7-year period of \$3.4 billion. There has been much boasting about that figure; however, I wish to point out that almost anything can be proved by figures if a part of the figures are omitted. I desire to incorporate in the Record today figures which perhaps,

shall we say, were overlooked by those boasting of that reduction.

Mr. President, yes; on June 30, 1946, the public debt was \$269,400,000,000. That is correct. However, at the same time the cash on hand or the general fund was \$14,200,000,000.

On June 30, 1953, the cash on hand had declined to \$4,600,000,000, or a decline in cash on hand of approximately \$10 billion. On that point alone we have a decline of \$10 billion in the cash on hand, and we have a decrease of \$3 billion in the national debt. Those figures alone put the previous administration in the position of having a \$7 billion deficit.

But, still that does not tell all the story; and we want all the story told this afternoon.

Continuing the record of the 7-year period of the preceding administration we find that on June 30, 1946, the unexpended appropriations, or contract authorizations were \$28 billion. When the preceding administration left office, it had increased the contractual obligations as of June 30, 1953, to \$83,298,000,000, or an increase of approximately \$55 billion in that item. Thus we find that taking this \$55 billion in unpaid bills, and adding the \$10 billion loss in cash, then subtracting the \$3 billion credit made on the national debt leaves the record to show that the Truman administration actually spent \$62 billion more during their 7-year term of office than they collected in taxes. Yes, during those 7 years the Truman administration spent a total of \$62 billion more than it took in, and those obligations were passed on to the Eisenhower administration.

I now ask unanimous consent to have printed at this point in the Record, as a part of my remarks, figures furnished to me by the Library of Congress which substantiate this report.

THE PRESIDING OFFICER. Is there objection?

There being no objection, the tabulation was ordered to be printed in the Record, as follows:

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D. C., September 28, 1953.

HON. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: In reply to your recent inquiry for various Federal financial data, the following information is submitted:

1. Unexpended appropriations (general and special accounts):

June 30, 1946	\$28,022,633,816
June 30, 1947	17,720,154,104
June 30, 1948	19,632,952,700
May 31, 1953 (actual)	91,280,853,215
June 30, 1953 (estimated)	83,298,436,271

2. Gross public debt (as of June 30):

1946	\$269,422,099,173
1947	258,286,383,109
1948	252,292,246,513
1953	266,071,061,639

3. General fund balance (as of June 30):

1946	\$14,237,900,000
1947	3,308,100,000
1948	4,932,000,000
1953	4,607,200,000

4. Rescissions of appropriations and contract authorizations by the 80th Congress:

	80th Cong., 1st sess.	80th Cong., 2d sess.	Total, 80th Cong.
Appropriations.....	\$4,111,339,814	\$79,681,845	\$4,191,021,659
Contract authorizations.....	132,000,000	205,071,294	337,071,294

With regard to the effect of Congressional rescission of appropriations on the public debt, such action did not directly bring about a reduction of the total Federal debt. Indirectly, the public debt was affected in that it did not rise as high as it might have, had Federal expenditures been at the high level originally provided by Congress.

Sincerely yours,

ERNEST S. GRIFFITH,
Director.

Mr. DIRKSEN. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. What my friend, the Senator from Delaware, seeks to emphasize is that the previous administration had all the fun of doing the shopping and buying the merchandise; and then, when that administration went out of office, it laid on the desk of President Eisenhower all the bills, to the tune of approximately \$83 billion, and those bills confronted us when we came in.

Mr. WILLIAMS. That is correct.

Mr. DIRKSEN. So they had the fun, and we have had to pay.

Mr. WILLIAMS. Yes. Stated in more simple terms, during the first 12 months of the Eisenhower administration, every dollar and every dime of revenue collected was insufficient to pay off the outstanding bills the present administration inherited from the Truman administration. I am speaking now only of those bills not included in the national debt figure.

At no other time in the history of the United States Government has any previous administration in going out of office passed on to its successor any such amount of unpaid bills or indebtedness. The nearest to it was in 1945, when President Roosevelt died unexpectedly in the midst of his term. The contractual obligations of the Federal Government then amounted to \$28 billion, but that was in large part due to the fact that World War II was going on, and there were a great many unpaid bills.

But why would there be three times as many unpaid bills in 1953 when the Eisenhower administration took over as there were during World War II—unless the previous administration was afraid to tell the American people just how much they were spending. They were afraid to tell the American people the cost of some of the programs that had been "given" to them.

I wish to repeat something that is often overlooked. The Federal Government does not give anything to the American people. The only benefits the American people receive through legislation are benefits which are paid for by the taxes taken directly or indirectly out of the pockets of those who receive the benefits. The Government has no mysterious source of income. The only source of revenue available to the Federal Government is that of taxes on the

American people or from money which is borrowed in their name.

I think we are fortunate that after 22 years we have an administration in power which is trying to turn back to the people some of the control over their own money.

One thing which we should remember in connection with this proposed tax reduction is that every dollar of tax reduction proposed in this bill or any other bill can be paid for only by borrowing the money. Expenses have not been cut sufficient to offset the loss in revenue. I am not speaking on the merits of whether \$600 exemption is high enough or not but merely pointing out that every dollar of tax reduction can be paid for only by borrowing the money. In order to borrow the money, we must first raise the ceiling on the national debt. I do not believe that at any time, under any consideration, a tax reduction based on borrowed money can be justified, particularly at a time when the country is at peace and when we are enjoying the highest degree of prosperity we have ever known.

1953 and 1954 were the 2 years of highest prosperity this country has ever known. For the first time, after 20 years, the American people are seeing that they can have both peace and prosperity and that they do not have to choose between peace and prosperity.

I think it is important to remember, as the Senator from Virginia [Mr. BYRD] so ably pointed out, that we cannot continue down the road of deficit spending. The reductions in the proposed substitute would lose about \$2¼ billion. I wish to point out that not only must we borrow the money to pay for the tax reduction, but we must borrow an additional \$67½ million annually to pay the interest on the money we borrow to meet the tax reduction. Yes, it will cost \$67½ million dollars to pay the interest on the money we borrow to pay for the tax reduction alone.

Certainly that type of financing could be described as fiscal irresponsibility. As further evidence of the danger of continued Government-deficit spending, I point out that in 1929 the income of two-thirds of the people of the State of California would have been sufficient to pay all the operating expenses of our Government.

Ten years later, in 1939, to pay the operating expenses of our Government it would require all the income of all the people in 11 of our most Western States.

In 1953, at the time we took control of this administration, it would require all the income of all the people in 23½ States, or all the income of all people west of the Mississippi, plus the income of the people of 1½ States east of the Mississippi. The devouring shadow of taxation is gradually rolling eastward. Eventually, under this rapid spending program, all the people will be working for the Government, and the Government will ultimately take control. History shows that more governments have spent themselves into socialism than have ever adopted that philosophy through legislation.

The greatest danger to America today is the growing tendency on the part of too many political leaders to overlook

the importance or necessity of the Government's living within its income.

There is no question today but that our Federal budget could be balanced if Congress and the executive branch only have the will to do it. It cannot be done, however, if political leaders continue to promise their constituents support for every Federal aid program or appropriation and at the same time promise lower taxes, all in the name of political expediency.

The indirect effect of this 20-year inflationary policy has been to destroy one-half the value of every Government bond sold. The past administration has expressed a great deal of sympathy for the average working man, elderly people, and those in the low income brackets. If sympathy had a dollar value, they would all be millionaires today. Ten years ago the Government sold an American citizen a Government bond and said to him, "You pay in \$3, and we will pay you back \$4." The holders of such bonds cannot buy with the \$4 what they could have bought with \$2 at the time they purchased the bond. One-half the purchasing power of every Government bond had been taken away. One-half the value of every life insurance policy, every savings account, every pension or social security fund, and every retirement fund, has been destroyed as the result of the inflation of the past 10 years.

In every town in America we can picture some elderly couple who retired 10 or 15 years ago on what we would have said at that time was adequate income, either from a life insurance policy or a pension fund, to take care of them for the rest of their lives. However, today as the result of the depreciation of the purchasing power of their dollar those people have reached the point where they are compelled to appeal to the welfare agencies in order to provide the actual necessities of life.

Through no fault of their own, the purchasing power of the money which they had saved and accumulated has been destroyed by an administration which at the same time was shedding crocodile tears for them. They are the forgotten people of America.

During the past 2 years the decline in the value of the American dollar has been arrested. Last year showed a slight increase in the value of the dollar. For the first time in 20 years we have reversed the trend. I think it is very important that the Congress stand by the administration at this time and not enact the proposed tax reduction, which, as the Senator from Virginia has said, might well prove to be the spark to touch off another inflationary spiral.

The depreciation of the dollar by as little as one-half of 1 percent would wipe out all the benefits of the proposed \$2½ billion of tax relief. A government which undertakes to provide tax relief with borrowed money will ultimately end in bankruptcy.

Mr. President, as evidence that this tax reduction is not needed from an unemployment angle, I ask unanimous consent to have printed in the RECORD a table showing unemployment figures beginning with the year 1939 and continuing through 1953.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Unemployment figures as compiled by the Joint Committee on Internal Revenue Taxation from figures furnished to them by the Department of Commerce

[Thousands]			
Month	1948	1949	1950
January	2,065	2,664	4,480
February	2,639	3,221	4,684
March	2,440	3,167	4,122
April	2,193	3,016	3,515
May	1,761	3,289	3,057
June	2,184	3,778	3,384
July	2,227	4,065	3,213
August	1,941	3,689	2,500
September	1,899	3,351	2,341
October	1,642	3,576	1,940
November	1,831	3,409	2,240
December	1,941	3,489	2,229

	Yearly averages
1939	9,480,000
1940	8,120,000
1941	5,560,000
1942	2,660,000
1943	1,070,000
1944	670,000
1945	1,040,000
1946	2,270,000
1947	2,142,000
1948	2,064,000
1949	3,395,000
1950	3,142,000
1951	1,879,000
1952	1,673,000
1953	1,602,000

VISIT TO THE SENATE BY HON. W. C. WENTWORTH, A MEMBER OF THE AUSTRALIAN PARLIAMENT

Mr. KNOWLAND. Mr. President, I am very pleased to have as my guest on the floor of the Senate today Hon. W. C. Wentworth, a member of the Australian Parliament, whose constituency is in Sydney, Australia. [Applause.]

TAX RATE EXTENSION ACT OF 1955

The Senate resumed the consideration of the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal tax and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption.

Mr. LONG. Mr. President, it seems to me that a few remarks concerning statements made by the distinguished senior Senator from Delaware [Mr. WILLIAMS] are appropriate at this time, although for the most part I shall discuss the bill and express my views on it tomorrow.

In the first place, the senior Senator from Delaware mentioned the fact that income taxes were raised during Democratic administrations. Of course he is completely correct in saying that. Historically it has always been the Democratic Party that urged the enactment of income tax laws, because taxes, according to the view of the Democratic Party, should be based on ability to pay. It will be remembered that many years ago the Democratic Party urged the adoption of a constitutional amendment to make possible the levying of income taxes, and eventually the Democratic Party was successful.

I submit that an income tax on individuals and corporations is undoubtedly

one of the fairest means of collecting taxes. Certainly it became the major way of raising revenue in this country.

It is unfortunate that in raising great revenue it is necessary to reduce exemptions, and it is true that during World War II the exemptions were reduced to as low as \$500 for each person. Although I was not a Member of the Senate when that was done, it was explained on the floor that it was the intention that the exemption should be raised immediately after the war was over.

After the war, there was an opportunity to reduce taxes. At that time we had a Republican Congress. The Democrats, both in the House and in the Senate, urged that in reducing taxes Congress should keep its pledge, and see to it that those who are denied the sustenance of life, who in effect have the very bread taken out of their mouths by burdensome taxation, should have the first relief.

I do not have before me the full House record, but I believe it will parallel the record made in the Senate.

The Senate had before it H. R. 1, a measure to reduce taxes on incomes. When that measure was before the Senate the then Senator Lucas of Illinois moved that the exemption be raised from \$500 to \$600, and that provision be made to permit family-income splitting to reduce surtax rates by 2 percent, and to postpone the effective date of the bill to January 1, 1948.

On that vote 27 Democrats, or 73 percent of the Democrats present, voted for the amendment, and 11 Democrats, or 27 percent, voted against the amendment. One Republican, the Senator from North Dakota [Mr. LANGER], voted for the amendment. All other Republicans, 47 of them, or 98 percent of the Republican Senators present in the Senate at that time, voted against the amendment. This record will be found as vote No. 72, CONGRESSIONAL RECORD, volume 93, part 5, page 5925.

When that amendment was defeated, the Senator from Arkansas [Mr. McCLELLAN], offered an amendment to increase the exemptions of single persons from \$500 to \$750, and to raise the exemptions for married couples from \$1,000 to \$1,500.

How did the Senate vote on that amendment?

Twenty-three Democrats, or 77 percent of the Democratic Senators present, voted for the McClellan amendment, and 7 Democratic Senators, or 23 percent, voted against it.

On the Republican side of the aisle, 4 Republican Senators, Senators Ferguson, Langer, Wilson, and Young, voted for the amendment, and 37 Republican Senators voted against the amendment.

H. R. 1 was passed by a vote of 52 to 34, with 9 Senators not voting. Seven Democrats, or 18 percent, voted for the bill, and 32 Democratic Senators, or 82 percent, voted against it.

Forty-five Republican Senators, or 96 percent, voted for the bill, and 2 Republicans voted against it.

For the most part, if I understand what the issue was at that time, there was severe criticism that the bill did not adequately take care of the ordinary

working people, those in the low-income brackets, who needed the additional purchasing power with which to buy the necessities of life.

I am sure the Senator from Delaware will recall that he voted against raising the exemptions and voted to pass the bill reducing taxes at that time by several billion dollars.

That bill was vetoed by the President of the United States. The bill went to the House of Representatives, and the House sustained the veto of the President.

Another bill was introduced. That bill again provided for a 20-percent reduction on incomes between \$1,400 and \$137,000; a 15-percent reduction on incomes in excess of \$137,000, but not in excess of \$302,400; a 10½-percent reduction from \$302,400 on up; and certain additional tax reductions for those over 65 years of age.

That bill was passed by the House of Representatives. In the Senate an amendment was offered to increase the exemptions. The Senator from Arkansas [Mr. McCLELLAN] offered an amendment to increase the exemption from \$500 to \$600 for single persons, and from \$1,000 to \$1,200 for married couples.

That amendment was defeated, 43 yeas, 47 nays, 5 not voting. In that instance 37 Democrats voted for raising the exemption, 9 Democrats voted against it; 10 Republicans voted for it, and 38 Republicans voted against it.

That bill was vetoed, and my understanding is that the President vetoed it for two reasons: First, that the Government needed the revenue; and, second, that it did not adequately provide for persons in the lower income brackets. Once again the President's veto was sustained by a vote of 57 yeas and 36 nays.

Mr. President, only after the Democrats had successfully sustained the President's veto on two occasions, the argument being in each case that there was not adequate consideration for those in the lower income brackets, did the Republican leadership in the House of Representatives finally introduce a bill which would raise exemptions from \$500 to \$600. Even then it is my understanding that the Democrats in the House once again tried to increase the exemption, and the Republicans voted almost solidly against increasing it.

Since World War II, the Democrats have a consistent record of trying to give relief to those in the low-income brackets. It was consistent in the last Congress, because once again the Democrats joined together in supporting an amendment which, instead of giving tax relief on corporation dividends, offered relief to persons in the low-income brackets. In that instance 95 percent of the Democrats supported it. I believe only 2 Democrats voted against the amendment offered by the distinguished ranking Democratic member of the committee [Mr. GEORGE]. The others voted for the amendment which would have substituted relief for those in the low-income brackets in terms of either a tax credit or a provision whereby there would be an increase in the exemption of approximately \$100.

On that occasion, the Republicans joined in supporting an amendment to

cut by one-half the relief urged by the Democrats. Their amendment failed in an almost solid party vote. Thereupon more than 90 percent of the Republicans voted against the George amendment which would have increased the exemption by \$100.

Mr. WILLIAMS. Mr. President, will the Senator from Louisiana yield at that point?

Mr. LONG. I shall be glad to yield in a moment.

I see the distinguished Senator from North Dakota [Mr. LANGER] is present. I do not want him to misunderstand me when I speak of the Republicans voting almost solidly against raising the exemption. I know that on every occasion the able Senator from North Dakota voted in favor of raising the exemption. That is why, in speaking on the border of the State of North Dakota, I said last year that the Senator from North Dakota should be a Democrat because he voted like a Democrat so many times.

Mr. LANGER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I shall be happy to yield to the Senator.

Mr. LANGER. I am an Abraham Lincoln-Theodore Roosevelt-George Norris Republican, and I am doing my very best to reform the Republican Party from the inside. I am trying to get them to think the Abraham Lincoln way and the way of the other distinguished men whom I have named. I think I shall finally get President Eisenhower to do some of that same thinking. I would not be surprised if the distinguished Senator from Delaware [Mr. WILLIAMS] might revise his thinking. I have known him a long time. He is one of those very fine men from the State of Delaware of which we are so proud. I am sure that if the distinguished Senator from Louisiana will take a little time, he may convert the Senator from Delaware.

Mr. LONG. I hope I shall not have to wait as long for the Republican Party to follow the point of view of the distinguished Senator from North Dakota as he has waited. The Senator from North Dakota has not left the Republican Party; that party has time and again left him, because it abandoned the principles to which he is dedicated.

Mr. WILLIAMS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. WILLIAMS. The Senator from Louisiana referred to the Johnson amendment. I wonder if he would yield at this time so that I may incorporate in the RECORD the vote on the amendment.

Mr. LONG. I shall be glad to have it placed in the RECORD.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the RECORD at this point the vote on the Johnson amendment and on the Monroney amendment.

There being no objection, the votes were ordered to be printed in the RECORD, as follows:

VOTE NO. 173—83D CONGRESS, 2D SESSION
(CONGRESSIONAL RECORD, volume 100, part 7, page 9468)

Subject: H. R. 8300, tax revision bill. Johnson amendment, calling for a study of

the question as to inclusion of dividends in gross income.

Synopsis: The amendment introduced by Senator Johnson of Colorado had as its purpose to strike from the bill the section (section 34) extending tax relief to apply on dividends to individuals, and to substitute in place thereof a provision directing the Secretary of the Treasury to make a study of questions involving the inclusion in gross income of dividends received by individuals and to report thereon to the next Congress, in January 1955.

Proponents of the Johnson amendment argued that as the Senate had refused to grant the kind of income-tax relief proposed in the Millikin and George amendments (see Vote Nos. 171 and 172), it would be inconsistent to grant tax relief on dividends at this time, and that, instead, it would be desirable to have a complete study made of the question during the time elapsing between enactment of the bill by this Congress and the convening of the next Congress. Proponents contended that the dividend section of the bill unfairly favored about 6 percent of the taxpayers and discriminated against about 94 percent.

Opponents of the Johnson amendment offered no arguments. However, in the course of the discussion, some defense of the tax relief provided in the dividend section was implied by references to "double taxation." It was said that a tax on stock dividends received by a taxpayer was "double taxation" because the company paying the dividend had previously paid a tax on the same earnings.

Action: Johnson amendment was passed. The result was announced—yeas 71, nays 13, as follows:

Yeas—71: Aiken, *Anderson, Barrett, Beall, Bowring, Bricker, *Burke, Butler of Maryland, *Byrd, Capehart, Carlson, Case, *Chavez, *Clements, Cordon, Crippa, *Daniel, Dirksen, *Douglas, Dworshak, *Ervin, Ferguson, *Frear, *Fulbright, *George, *Gore, *Green, Hendrickson, *Hill, *Holland, *Humphrey, Ives, *Jackson, *Johnson of Colorado, *Johnson of Texas, *Kefauver, *Kennedy, *Kilgore, Knowland, Kuchel, Langer, *Lehman, *Lennon, *Magnuson, *Mansfield, *Maybank, *McCarran, Millikin, *Monroney, *Morse, Mundt, *Murray, *Neely, *Pastore, Payne, Potter, Purtel, *Robertson, *Russell, Saltonstall, Schoeppel, *Smathers, Smith of Maine, Smith of New Jersey, *Sparkman, *Stennis, Thye, Watkins, Welker, Williams, Young.

Nays—13: Bennett, Bridges, Bush, Cooper, Flanders, *Gillette, Goldwater, *Hayden, Hickenlooper, *Long, Malone, Martin, Upton.

Not voting—12: Butler of Nebraska, Duff, *Eastland, *Ellender, *Hennings, Jenner, *Johnston of South Carolina, *Kerr, McCarthy, *McClellan, *Symington, Wiley.

Analysis of vote			
	Republicans	Democrats	Independent
Yeas (71).....	33	37	1
Nays (13).....	10	3	0
Not voting (12).....	5	7	0
Total.....	48	47	1
Positions of Senators not voting:			
Not paired—Position "yea".....	11	7	—
Not paired—No position.....	34	0	—

Absent:
Official business: Duff, Eastland, Ellender, Hennings, Johnston (S. C.), Kerr, McClellan, Symington.
Necessarily absent: Jenner, McCarthy, Wiley.
Illness: Butler (Nebr.).
1 Duff.
2 Eastland, Ellender, Hennings, Johnston (S. C.), Kerr, McClellan, Symington.
3 Butler (Nebr.), Jenner, McCarthy, Wiley.

VOTE NO. 179—83D CONGRESS, 2D SESSION
(CONGRESSIONAL RECORD, volume 100, part 7, page 9618)

Subject: H. R. 8300, tax revision bill. Monroney amendment, which would strike out all proposed tax revisions and extend the 52-percent corporate tax for 1 year.

Synopsis: The Monroney amendment would change the title of H. R. 8300 to refer only to extension of the tax on corporation income. The amendment would be in the nature of a substitute for the bill as reported.

The arguments on the amendment, pro and con, were identical with the arguments offered relative to passage of the bill itself. (See synopsis of Vote No. 180.)

Action: Monroney amendment was rejected.

The result was announced—yeas 15, nays 58, as follows:

Yeas—15: *Chavez, *Fulbright, *Gore, *Jackson, *Johnson of Colorado, *Magnuson, *Mansfield, *McCarran, *Monroney, *Morse, *Murray, *Russell, *Sparkman, *Stennis, Williams.

Nays—58: Aiken, *Anderson, Barrett, Beall, Bennett, Bowring, Bricker, Bridges, *Burke, Bush, Butler, Capehart, Carlson, Case, *Clements, Cooper, Cordon, Crippa, *Daniel, Dirksen, *Douglas, Duff, Dworshak, *Ervin, Ferguson, *Frear, *George, Goldwater, *Hayden, Hendrickson, Hickenlooper, *Holland, *Humphrey, Ives, *Johnson of Texas, *Kennedy, Knowland, Kuchel, Langer, *Long, Malone, Martin, Millikin, Mundt, *Neely, *Pastore, Payne, Potter, Purtel, Schoeppel, *Smathers, Smith of Maine, *Symington, Thye, Upton, Watkins, Welker, Young.

Not voting—22: *Byrd, *Eastland, *Ellender, Flanders, *Gillette, *Green, *Hennings, *Hill, Jenner, *Johnston of South Carolina, *Kefauver, *Kerr, *Kilgore, *Lehman, *Lennon, *Maybank, McCarthy, *McClellan, *Robertson, Saltonstall, Smith of New Jersey, Wiley.

Analysis of vote			
	Republicans	Democrats	Independent
Yeas (15).....	1	13	1
Nays (58).....	40	18	0
Not voting (22).....	6	16	0
Total.....	47	47	1
Positions of Senators not voting:			
Not paired—"yea".....	0	12	—
Not paired—"nay".....	21	11	—
Not paired—Position "yea".....	0	2	—
Not paired—Position "nay".....	23	0	—
Not paired—No position.....	42	11	—

Absent:
Leave of Senate: Maybank.
Official business: Byrd, Eastland, Ellender, Gillette, Green, Hennings, Hill, Johnston (S. C.), Kefauver, Kerr, Kilgore, Lehman, Lennon, McClellan, Robertson.
Necessarily absent: Flanders, Jenner, McCarthy, Saltonstall, Smith (N. J.), Wiley.
1 Maybank, Robertson.
2 Saltonstall.
3 Ellender.
4 Byrd, Hennings.
5 Flanders, Jenner, Smith (N. J.).
6 McCarthy, Wiley.
7 Eastland, Gillette, Green, Hill, Johnston (S. C.), Kefauver, Kerr, Kilgore, Lehman, Lennon, McClellan.

Mr. WILLIAMS. Mr. President, I may say that the Senator from Louisiana voted against striking out the dividend provisions.

Mr. LONG. I certainly did; and I also voted against striking the accelerated depreciation provisions. It is my position that I should like very well to see corporate stockholders have some relief and have accelerated depreciation, but if I am in a position where I must

favor the corporations or the people, I will favor the people. Of course, the Senator from Delaware had an opportunity to vote the same way. He did vote to strike out the dividend provision, but he did not vote for any relief for the small taxpayers by increasing their exemptions. I regret that he did not agree with my position on that point.

Furthermore, in considering the tax bill this year, I was not anxious to extend the high rate of corporation tax. It was only because it was necessary to obtain revenue for the Government that I was willing to vote for a bill which extended the corporation tax rate. But in view of the fact that we did not give any relief to the average man, we had no right to be holding out a promise to the corporations of America that their taxes would be cut 10 percent next year. So I moved to strike out the provision that would cause the corporation tax to be reduced by 10 percent next year.

Mr. WILLIAMS. Mr. President, will the Senator from Louisiana yield further?

Mr. LONG. I yield.

Mr. WILLIAMS. During the discussion of the bill last year the Senator from Oklahoma [Mr. MONROE] offered an amendment proposing that the tax reduction be postponed until we balanced the budget. The Senator from Oklahoma's amendment struck out all tax-reduction features of the bill and provided for a simple extension of the corporation tax rates. His amendment was defeated by 15 votes. I supported that proposal, and thought it should have passed. The Senator from Louisiana differed with us on that point, and I respect his opinion. I certainly attribute to the Senator from Louisiana the same degree of sincerity which I hope he attributes to me. But it could not have been such a terrible bill, because the Senator supported it. So, do not attack it too strongly this afternoon. It could not have been such a vicious piece of legislation.

Mr. LONG. I do not attack last year's bill as being a vicious piece of legislation. I have stated that the Democrats have consistently tried to do something for the little people of the Nation. The only thing which was really wrong with last year's bill, the only thing I severely criticized, is that while it did so many things for corporations and business people—and I was glad to see most of those things done; I was delighted to see stockholders get special treatment and I was pleased to see something done about accelerated depreciation—nothing was done for the low-income people, except in a few instances. There were some little tidbits here and there, handed out to lower bracket taxpayers, such as the man who had a boy working his way through college, a retired aged person or a retired school teacher, to mention a few.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. LANGER. Is it not true that that bill took care of babysitters?

Mr. LONG. No, I am sorry to say, it did not take care of babysitters. It

took care of the working mothers who hired babysitters.

If we Democrats had had our way, the bill would also have taken care of babysitters. But, unfortunately, we did not prevail, and we could not take care of babysitters.

The babysitters did not get relief, but the working mothers got a little relief if they were in a position to hire babysitters.

Mr. WILLIAMS. Mr. President, I wish to make one comment, to get the RECORD straight.

I point out for the RECORD that the exemptions were reduced from \$1,000 to \$750 under Democratic administrations prior to 1941. At that time the then President was campaigning on the platform that there was absolutely no threat of war; therefore, it cannot be claimed that the exemptions were reduced as a result of rearmament for war.

The exemptions were reduced by the Democratic Party during the peacetime years as well as during the war years.

Likewise, the rate was raised from 4 percent to 10 percent on the lowest tax bracket before World War II and from the 10 percent rate to 22 percent after the outbreak of war. A continuous increase in taxes in peace and war has been the policy of the past Democratic administrations. Unbalanced budgets have been ignored as the New Deal, Fair Deal politicians danced to the tune of taxes, spend, and elect.

Mr. LONG. Mr. President, stating my own opinion, I believe the record of the Democratic Party speaks for itself. So far as doing what could be done within the limits of the Government's situation, and providing for the average person and giving him every consideration possible, I believe the Democratic record is a very good one.

I believe I have demonstrated that the record of the Democratic Party during recent Congresses is good, in looking after the average workingman and other persons in average walk of life.

Point for point, issue for issue, that record will stand up to any criticism, scrutiny, or comparison.

At this time I do not wish to delve many years back into history, because I do not have available all the issues which were raised at the time the income-tax law was passed or at the time exemptions were lowered.

RECESS

Mr. LONG. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 54 minutes p. m.) the Senate took a recess until tomorrow, Friday, March 11, 1955, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 10, 1955:

DIPLOMATIC AND FOREIGN SERVICE

The following-named Foreign Service officers for promotion from class 2 to class 1:

John K. Emmerson, of Colorado.
Edward S. Maney, of Texas.

Gordon H. Mattison, of Ohio.

George A. Morgan, of the District of Columbia.

Woodruff Wallner, of New York.

George H. Emery, of North Carolina, for appointment as a Foreign Service officer of class 1, a consul, and a secretary in the diplomatic service of the United States of America.

The following-named Foreign Service officers for promotion from class 3 to class 2:

R. Austin Acly, of Massachusetts.

N. Spencer Barnes, of California.

Leo J. Callanan, of Massachusetts.

Sterling J. Cottrell, of California.

Robert C. Creel, of New York.

Fulton Freeman, of California.

Edward L. Freers, of California.

Richard D. Gatewood, of California.

Wesley C. Haralson, of Virginia.

Landreth M. Harrison, of Minnesota.

Owen T. Jones, of Ohio.

Sidney K. Lafoon, of Virginia.

John M. McSweeney, of Massachusetts.

John Ordway, of the District of Columbia.

Walter W. Orebaugh, of Oregon.

John M. Steeves, of the District of Columbia.

Robert C. Strong, of Wisconsin.

Alfred T. Wellborn, of Louisiana.

H. Bartlett Wells, of New Jersey.

Eric C. Wendelin, of Massachusetts.

The following-named persons for appointment as Foreign Service officers of class 2, consuls, and secretaries in the diplomatic service of the United States of America:

Bernhard G. Bechhoefer, of the District of Columbia.

William I. Cargo, of Maryland.

Sam P. Gilstrap, of Oklahoma.

John W. Jago, of California.

Charles H. Mace, of Ohio.

Alfred Puhon, of Wisconsin.

Joseph W. Scott, of Texas.

Richard S. Wheeler, of Michigan.

William D. Wright, of the District of Columbia.

Gerald Warner, of Massachusetts, now a Foreign Service officer of class 2 and a secretary in the diplomatic service, to be also a consul general of the United States of America.

The following-named Foreign Service officers for promotion from class 4 to class 3:

James M. Byrne, of New York.

Keld Christensen, of Iowa.

Clyde L. Clark, of Iowa.

Merritt N. Cootes, of Virginia.

Roy T. Davis, Jr., of Maryland.

Juan de Zengotita, of Pennsylvania.

Donald P. Downs, of Nevada.

Philip F. Dur, of Massachusetts.

James R. Gustin, of Wisconsin.

David H. Henry, 2d, of New York.

William P. Hudson, of North Carolina.

William E. Knight, 2d, of Connecticut.

Roswell D. McClelland, of Connecticut.

William D. Moreland, Jr., of Oregon.

Clinton L. Olson, of California.

Norman K. Pratt, of Pennsylvania.

Robert Rossow, Jr., of Indiana.

John H. Stutesman, Jr., of New Jersey.

Cyril L. F. Thiel, of Illinois.

Edward L. Waggoner, of Ohio.

Joseph J. Wagner, of New York.

The following-named persons for appointment as Foreign Service officers of class 3, consuls, and secretaries in the diplomatic service of the United States of America:

George H. Alexander, of Maryland.

Morton Bach, of Minnesota.

Edward P. Dobyns, of Virginia.

Bryan R. Frisbie, of Arizona.

Robert A. Hancock, of Michigan.

John E. Hargrove, of Mississippi.

Marshall P. Jones, of Maryland.

Warren H. McKenney, of Florida.

Robert M. Marr, of Ohio.

Howard Meyers, of Maryland.

Treanion H. E. Nesbitt, of Maryland.
Nils William Olsson, of Illinois.
Nestor C. Ortiz, of Virginia.
Lawrence A. Phillips, of Maryland.
Arthur J. Waterman, Jr., of Virginia.

The following-named Foreign Service officers for promotion from class 5 to class 4:
Robert B. Dreessen, of Missouri.
Harry F. Pfeiffer, Jr., of Maryland.

The following-named Foreign Service officers for promotion from class 5 to class 4 and to be also consuls of the United States of America:

Theo C. Adams, of Texas.
Willard Allan, of Colorado.
John Q. Blodgett, of the District of Columbia.
Archer K. Blood, of Virginia.
Robert W. Dean, of Illinois.
Richard H. Donald, of Connecticut.
Adolph Dubs, of Illinois.
John W. Fisher, of Montana.
Wayne W. Fisher, of Iowa.
John I. Getz, of Illinois.
Robert S. Henderson, of New Jersey.
Edward W. Holmes, of Washington.
Thomas D. Kingsley, of Maryland.
Herbert B. Leggett, of Ohio.
Edward V. Lindberg, of New York.
Edward T. Long, of Illinois.
James A. May, of California.
Cleo A. Noel, Jr., of Missouri.
LeRoy F. Percival, Jr., of Connecticut.
Jordan T. Rogers, of South Carolina.
John A. Sabini, of the District of Columbia.

Dwight E. Scarbrough, of Minnesota.
John P. Shaw, of Minnesota.
Francis T. Underhill, Jr., of New Jersey.
Milton C. Walstrom, of the Territory of Hawaii.

Park F. Wollan, of California.
Parker D. Wyman, of Illinois.
Sam L. Yates, Jr., of California.

The following-named persons for appointment as Foreign Service officers of class 4, consuls, and secretaries in the diplomatic service of the United States of America:

Paul C. Campbell, of Pennsylvania.
Roger P. Carlson, of Minnesota.
Antonio Certosimo, of California.
Asa L. Evans, of South Carolina.
Mrs. Florence H. Finne, of California.
Harry George French, of Wisconsin.
Harrison M. Holland, of Washington.
William S. Krason, of New York.
Frederick D. Leatherman, of Ohio.
Allen F. Manning, of Maryland.
Ralph J. Ribble, of Texas.
Charles M. Rice, Jr., of Montana.
Robert M. Schneider, of Iowa.
Peter J. Skoufis, of Maine.
Harry R. Stritman, of California.
The following-named Foreign Service officers for promotion from class 6 to class 5:
Richard H. Adams, of Texas.
William G. Allen, of Vermont.
Robert J. Ballantyne, of Massachusetts.
William R. Beckett, of Michigan.
William D. Broderick, of Michigan.
North C. Burn, of Washington.
Alan L. Campbell, Jr., of North Carolina.
Frederic L. Chapin, of the District of Columbia.

Maxwell Chaplin, of California.
Edward R. Cheney, of Vermont.
James D. Crane, of Virginia.
Franklin J. Crawford, of Ohio.
John E. Cunningham, of Pennsylvania.
David Dean, of New York.
François M. Dickman, of Wyoming.
James B. Freeman, of Ohio.
Alexander S. C. Fuller, of Connecticut.
James Robert Greene, of California.
Herbert M. Hutchinson, of New Jersey.
Kempton B. Jenkins, of the District of Columbia.
Richard E. Johnson, of Illinois.
George R. Kenney, of Illinois.

Lucien L. Kinsolving, of New York.
John F. Knowles, of New Jersey.
Henry Lee, Jr., of Massachusetts.
William W. Leheldt, of California.
Harry R. Melone, Jr., of New York.
Thomas N. Metcalf, Jr., of Massachusetts.
George C. Moore, of California.
Benjamin R. Moser, of Virginia.
Harvey F. Nelson, Jr., of California.
Richard D. Nethercut, of Wisconsin.
G. Edward Reynolds, of New York.
Ralph W. Richardson, of California.
William E. Schauffele, Jr., of Ohio.
Kennedy B. Schmertz, of Pennsylvania.
Talcott W. Seelye, of Massachusetts.
William C. Sherman, of Illinois.
Robert K. Sherwood, of Nebraska.
Christopher A. Squire, of Virginia.
Heywood H. Stackhouse, of Virginia.
William W. Thomas, Jr., of North Carolina.
Lewis R. Townsend, of New Jersey.
Charles L. Widney, Jr., of Tennessee.
Frank S. Wile, of Michigan.
William D. Wolfe, of Iowa.
Chester R. Yowell, of Missouri.

The following-named persons for appointment as Foreign Service officers of class 5, vice consuls of career, and secretaries in the diplomatic service of the United States of America:

Robert Anderson, of Massachusetts.
Miss Mildred J. Baer, of Maryland.
Miss Edna H. Barr, of Ohio.
Miss Dorothy V. Broussard, of Texas.
M. Lee Cotterman, of Ohio.
Ray H. Crane, of Utah.
A. Hugh Douglas, Jr., of Rhode Island.
Elden B. Erickson, of Kansas.
Richard V. Fischer, of Minnesota.
Ralph C. Fratzke, of Iowa.
John H. Hermanson, of Massachusetts.
Miss Olive M. Jensen, of Iowa.
Richard N. Kirby, of Ohio.
Nicholas S. Lakas, of Connecticut.
Kenneth W. Linde, of Connecticut.
Charles G. Mueller, of Montana.
Virgil E. Pritchard, of Oklahoma.
Joseph H. Quintanilla, of Texas.
Miss Martha Jean Richardson, of Illinois.
Robert F. Slutz, Jr., of Maryland.
Miss Violet Smith, of New York.
Miss LaVerne L. Thomsen, of Washington.
Paul E. Woodward, of Pennsylvania.

The following-named persons for appointment as Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service of the United States of America:

Robert J. Allen, Jr., of the District of Columbia.
Harvey J. Cash, of Texas.
Brewster R. Hemenway, of New York.
Adolph W. Jones, of Tennessee.
William H. McLean, of Kentucky.
Paul J. Plenni, of West Virginia.
Miss Elizabeth J. Rex, of Pennsylvania.
Miss Betty A. Robertson, of Pennsylvania.
Carl G. Seasword, Jr., of Michigan.
Miss Alice M. Smith, of North Carolina.
Nicholas A. Vellotes, of California.

The following-named Foreign Service Staff officers to be consuls of the United States of America:

John A. Birch, of Maryland.
Gordon Dale King, of Texas.
James P. Parker, of Connecticut.

UNITED STATES TARIFF COMMISSION

James Weldon Jones, of Texas, to be a member of the United States Tariff Commission for the remainder of the term expiring June 16, 1957, vice Oscar B. Ryder.

CIRCUIT COURTS, TERRITORY OF HAWAII

Hon. Gerald R. Corbett, of Hawaii, to be sixth judge of the first circuit, circuit courts, Territory of Hawaii. He is now serving in this post under an appointment which expired September 19, 1954.

UNITED STATES MARSHAL

James F. Brophy, of Georgia, to be United States marshal for the southern district of Georgia, vice Joseph H. Young, term expired.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 10, 1955

The House met at 12 o'clock noon.
The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Most merciful and gracious God, source of wisdom and power, we are daily beseeching Thee to direct and prosper us in our programs of legislation.

Deepen within us a sense of our responsibility to protect and promote the safety, the honor, and welfare of our beloved country and all freedom-loving people.

Wilt Thou be especially favorable unto our ambassadors and representatives who have been placed in positions of counsel and diplomacy.

May they carry on their negotiations with the leaders of other nations so wisely and faithfully that peace and concord shall be established and maintained.

Inspire the Members of Congress and all our citizens with the spirit of patience and self-restraint and may we seek to excel in the practice of friendship and fraternity, of good will and love.

Grant that our faith in Thy divine justice and righteousness may never become eclipsed by fear for Thou canst crush the mightiest forces of evil and bring to naught the most subtle devices and designs of our enemies.

Hear us in the name of the Captain of our Salvation. Amen.

The Journal of the proceedings of Tuesday, March 8, 1955, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Tribbe, one of his secretaries, who also informed the House that on March 2, 1955, the President approved and signed a bill of the House of the following title:

H. R. 3828. An act to adjust the salaries of judges of the United States courts, United States attorneys, Members of Congress, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 829. An act to authorize personnel of the Armed Forces to train for, attend, and participate in the second pan-American games, the seventh Olympic winter games, games of the XVI Olympiad, future pan-American games and Olympic games, and certain other international amateur sports competitions, and for other purposes;

S. 941. An act to amend section 13 of the Federal Farm Loan Act, as amended, to authorize the Federal land banks to purchase